Annual Report 2013

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."

Corporate profile

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

Bellevue Group AG
Urs Baumann, CEO
Daniel Koller, CFO

- **Bank am Bellevue AG** – Serge Monnerat, CEO
  - Research & Brokerage
  - Corporate Finance
- **Bellevue Asset Management AG** – André Rüegg, CEO
  - Sector strategies healthcare
  - Regional niches strategies
  - Mandates

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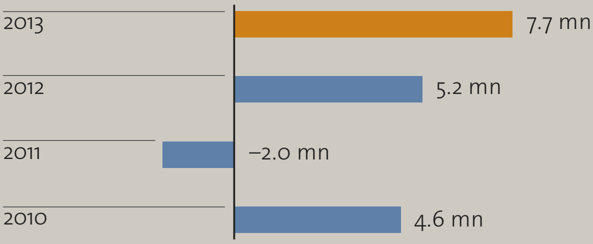
At a glance

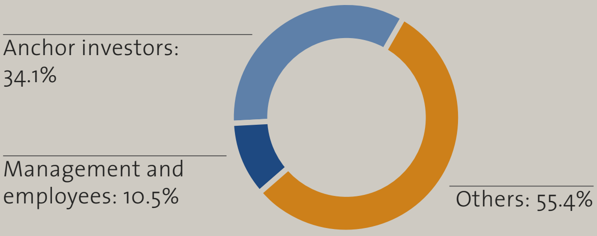
CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated	Change (abs.)	Change (%)
Profit and loss account				
Net interest income	3 965	2 081	+1 884	+91%
Net fee and commission income	37 430	37 699	–269	–1%
Net trading income	1 008	355	+653	+184%
Other income	3 374	5 326	–1 952	–37%
Total operating income	45 777	45 461	+316	+1%
Total operating expenses	–38 747	–38 592	–155	+0%
Group net profit	6 484	6 205	+279	+4%
Balance sheet				
Total assets	405 688	485 925	–80 237	–17%
Total liabilities	256 237	325 976	–69 739	–21%
Total shareholders' equity	149 451	159 949	–10 498	–7%
Ratios				
Undiluted earnings per share (in CHF)	0.62	0.60	+0.02	+3%
Diluted earnings per share (in CHF)	0.62	0.60	+0.02	+3%
Equity per share (in CHF)	14.27	15.40	–1.13	–7%
Dividend per share (in CHF)	1.00 [1]	2.00	–1.00	–50%
Return on equity	4.2%	3.5%	–	+1.5%
Dividend yield [2]	7.4%	21.7%	–	–14.3%
Cost/Income ratio [3]	82.4%	87.8%	–	–5.4%
Self-financing ratio	36.8%	32.9%	–	+3.9%
Total client assets (in CHF m) [4]	4 328	3 611	+717	+20%
Net new money inflow (outflow)	–305	–674	+369	–55%
Number of staff (full-time equivalent) at cutoff date	80.4	82.9	–2.5	–3%
Annual average number of staff (full-time equivalent)	79.9	82.4	–2.5	–3%
Share price of Bellevue registered shares (in CHF)	13.50	9.20	+4.30	+47%
Market capitalization (in CHF m)	142	97	+45	+47%
Year high [5]	14.45	17.95	–3.50	–19%
Year low [5]	8.96	8.98	–0.02	–0%

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

Development operating profit 2010 to 2013 (in CHF)



Shareholder structure



Operating performance improves, profits rise

Bellevue Group's operating profit increased 46% to CHF 7.7 mn in 2013. Higher turnover in Brokerage and asset inflows at Asset Management led to a slight increase in operating income. General operating expenses were significantly lower, providing further relief on the expense side. The two business units Bank am Bellevue and Bellevue Asset Management operated profitably and delivered operating profits of CHF 5.0 and CHF 4.3 mn, respectively. Bellevue Group's net profit for the year increased by 4.5% to CHF 6.5 mn.

Assets under management increase 33%

Assets managed by Bellevue Asset Management rose by 33% to CHF 2.6 bn thanks in particular to a good investment performance. Leading the way once again was BB Biotech AG, which gained 66% in value. BB Entrepreneur Switzerland, an actively managed equity fund, also performed well with a gain of 32.5%. The focused investment fund products at Asset Management attracted net new money of CHF 102 mn. That inflow was offset somewhat by BB Biotech AG's share buyback program, the outflows triggered by the realignment of the investment fund products and the payback of seed capital. Together with Bank am Bellevue, total assets under management amounted to CHF 4.3 bn.

Research recommendations create value

As an expert with a profound understanding of the Swiss stock market, Bank am Bellevue is adept at creating sustained value for institutional investors. The aggregate performance of the Brokerage Team's original investment ideas in 2013 was 29.5%, which easily surpassed the 20.2% performance of the SMI (Swiss Market Index). The top 5 recommendations achieved an even better performance of 37.2%. Bank am Bellevue's investment recommendations have outperformed the broader market in eight out of ten years since 2004.

A stronger team of experts

Bellevue Group used the structural change sweeping through the financial sector to its advantage last year by investing in research quality and internationalizing its business activities. Experienced specialists were recruited in the core business activities of Research, Portfolio Management and Sales. In addition, Asset Management strengthened its local presence in the US, the premier market for biotechnology.

Annual average number of staff (full-time equivalent)

79.9

(2012: 82.4)

Total client assets

CHF 4.3 Mrd.

(2012: CHF 3.6 Mrd.), before double counts

Performance top 5 research recommendations 2013

37.2%

(Benchmark SMI: 20.2%)

Proportion investment stategies with outperformance

68%

(of 19 in total)

Shareholders' equities

CHF 149.5

(2012: CHF 159.9)

Return on equity

4.2%

(2012: 3.5%)

Dividend per share (proposed)

CHF 1.00

(2012: CHF 2.00)

CET1 ratio Bellevue Group

32.5%

(2012: 32.7%)

Dear Shareholders,
Dear Readers,

2013 will go down in history as a good year for stock markets – a year that surprised both the experts and the investment community at large. Looking back, there were not many who were optimistic about 2013. The imponderables were too many. Stock markets nevertheless ended the year with a pleasing performance. Double-digit gains, fueled not least by monetary stimulus from central banks, were by no means the exception last year. Despite those strong gains, trading volumes remained low: stock market turnover recovered somewhat but was still far below average historical levels. Moreover, investors continued to show little appetite for investments in stocks, despite the record low levels of interest rates. As a pure equity house, the caution that prevailed among investors had an impact on Bellevue Group last year, too.

Solid Group profit – improvement in operating performance

Against this general backdrop, Bellevue Group stayed the course with its Brokerage, Corporate Finance and Asset Management units and achieved a significant improvement in its operating performance. Operating income was slightly higher at CHF 43.5 mn, although that does not truly reflect the increase in fee and commission income in Brokerage and the growth in Asset Management. This is because Corporate Finance generated lower income and, on the other hand, the income (potential arising) from the strong growth in assets under management at BB Biotech AG was not fully exploited. On the expense side, general operating expenses were reduced by 17% while personnel expenses edged slightly higher. Total operating expenses were reduced another 5% compared to the previous year. Profit before tax was up 46% at CHF 7.7 mn. Taking into consideration the net result of seed capital, depreciation, impairments, amortization, and taxes, Bellevue Group achieved a 4.5% increase in consolidated net profit of CHF 6.5 mn. The two business units, Bank am Bellevue and Bellevue Asset Management, contributed operating profits of CHF 5.0 mn and CHF 4.3 mn to the consolidated result.

Bank am Bellevue: Research performance surpasses Swiss Market Index significantly

As an internationally acknowledged specialist for Swiss stocks, Bank am Bellevue was again able to generate value added for institutional investors during the year under review. Drawing on the vast knowledge of its Research/Brokerage team, the bank achieved an investment return of 29.5% with the recommendations made during the course of the year. That easily outperformed the 20.2% gain for the year by the SMI (Swiss Market Index). Bank am Bellevue's top 5 investment recommendations delivered an even better performance of 37.2%. Consolidation in the brokerage market was used to strengthen and expand the current team despite the difficult market environment. Slightly higher demand from institutional investors led to an approximately 20% increase in operating income. Corporate Finance, on the other hand, reported a decline in operating income due to the absence of larger capital market transactions.

Walter Knabenhans, Chairman of the Board of Directors Bellevue Group

Dividend per share (proposed)

CHF 1.00

(2012: CHF 2.00)

Dividend yield

7.4%

(Base: Share price as of 13/12/31)

Bellevue Asset Management: 33% growth in assets under management

The range of asset management products today consists of well-established, actively managed equity strategies in the healthcare sector and in regional market niches (Europe and new markets). Their performance in the past year underscores the core competencies of Bellevue Asset Management. BB Biotech AG stood out once again with a market performance of 66.0% and an outperformance of its benchmark to the tune of 4.7% (in CHF). The equity fund BB Entrepreneur Switzerland also achieved a very pleasing performance of 32.5%, which beat its benchmark by 7.9% (in CHF). Investors were also attracted to the BB Entrepreneur Europe and BB African Opportunities equity funds. Bellevue Asset Management's well-focused range of funds received net new money of CHF 102 mn. Outflows were seen due to selective share buybacks at BB Biotech, the realignment of the investment fund products and the payback of seed capital. Total assets under management rose by approximately 33% to CHF 2.6 bn due to the strong investment performance. The realigned investment fund portfolio and steadfast focus on active equity strategies set the stage for further positive developments at Bellevue Asset Management. The adjustment to the management fee at BB Biotech AG as of 2014 will have an additional positive effect on this unit's future income.

Strong capital base enables continuation of dividend policy

Positive operating results and a strong capital base (Bellevue Group equity amounts to CHF 149.5 mn) make it possible for the company to maintain an attractive dividend payout. In keeping with the company's stated dividend policy, the Board of Directors will propose a dividend of CHF 1.00 per registered share at the Annual General Meeting. With a CET1 ratio of 32.5% (2012: 32.7%), eligible capital and reserves will remain well above the minimum requirements even after the proposed dividend payout.

Expansion of revenue sources

Bellevue Group has been optimizing and adapting its business model during the past two years in response to the new realities everyone in the financial sector must face. Its business activities have been focused more clearly on core competencies, and a reduction in the cost base has also been achieved. At the same time, we have used the sector-wide structural change to strenghten our teams. We have made the best possible preparations for future regulatory changes and therefore expect only minor repercussions on this front, if any. The same can be said with regard to the so-called US disclosure program. After reviewing all relevant documents, we concluded that the bank has not violated any US tax laws. We are therefore considering participating in the program as a Category 3 bank.

Today's Bellevue Group is flexible and strong. We can proactively shape our future. Our positioning as a financial boutique with truly independent equity and capital market expertise gives us a very distinctive profile. The performance of our investment ideas and active equity strategies strengthen that claim. Nevertheless, given its obvious commitment to active investment styles, Bellevue Group is exposed to the general market environment and to general investor appetite for risk. To cushion this somewhat, we intend to diversify our income flows and selectively expand our business model. During the past two years we have demonstrated that we can operate profitably even in a challenging environment. That bolsters our confidence in our ability to benefit very quickly and strongly from a gradual rotation into stocks. Exactly when that will transpire is something that cannot be predicted with pinpoint precision, however. Suffice to say that low levels of interest rates and a brightening economic outlook augur well for such a rotation. Therefore we think equities are still the most attractive asset class in the medium term, although a continued upward trend throughout the entire year is not expected.

Challenges remain for Bellevue Group. Our employees continue to rise to these challenges with unfaltering enthusiasm and perseverance. They always put the needs of our clients at the very center of everything they do, day after day. On behalf of the entire Board of Directors I thank them for their efforts. Thanks are also given to our shareholders and clients for their enduring trust in the company. We look forward to a continued close and fruitful relationship.

Walter Knabenhans
Chairman of the Board of Directors

Board of Directors Bellevue Group (f.l.t.r.)

Dr. Daniel H. Sigg, member of the Board

Daniel Sigg has held various senior management positions in asset management and consulting. At UBS, Daniel Sigg was Global Head of Institutional Asset Management. In 2000 he joined Times Square Capital Management in New York as President. He currently provides financial consultancy services through DHS International Advisors LLC and is a member of the Board of Directors of VP Bank, Vaduz. 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.

Walter Knabenhans, Chairman

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

Dr. Thomas von Planta, member of the Board

Thomas von Planta has many years of international experience in investment banking. He initially held various executive positions at Goldman Sachs over a period of 10 years and then joined Vontobel Group as Head Corporate Finance and a member of its extended executive board. In 2006 he founded CorFinAd AG, a consulting company for M&A and capital market financing transactions. Thomas von Planta earned a doctorate degree in law following his studies at the Universities of Basel and Geneva.

Interview with the CEO Group

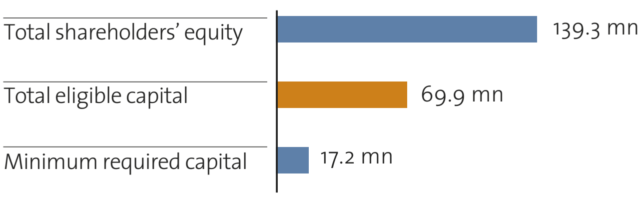
Urs Baumann on Bellevue Group's positioning

Bellevue Group has positioned itself as a financial boutique. Is there a future in that kind of focus?
Urs Baumann: The monumental change that has swept over the banking landscape is redefining reality for every player in the business. Everybody must come to grips with the new rules regarding tax transparency and banking secrecy, not to mention the challenging market environment and more demanding client expectations. While Bellevue Group is affected by regulatory change just like any other financial institute, the inherent strengths of our business model give us an even sharper edge on the new playing field. Clients are demanding tangible value added in the form of investment competence and long-term performance as well as first-class services. Our focus on active investment strategies, original investment ideas for the Swiss equity universe and well-structured capital market transactions is ideal for meeting the needs of private and institutional clients. A solid capital base and the absence of conflicts of interest enhance our agility while short decision-making channels allow us to make the most of opportunities. We prove that we are a successful, independent boutique every day.

Doing business with US persons could turn out to be a liability. How is Bank am Bellevue impacted by this issue?
Bank am Bellevue's business model is focused on Brokerage and Corporate Finance for an institutional clientele. Brokerage activities with US institutionals are conducted through an SEC-registered partner company so this arrangement is fully compliant with all the regulatory requirements. Bank am Bellevue is the custodian bank and portfolio manager for only a few private clients. After reviewing all the relevant documents, the bank has concluded that it has not violated any US tax laws.

The dividend payout again exceeds the entire net profit for the year. Does the Group still have enough capital to actively shape its future?
With a CET1 ratio of 32.5% Bellevue Group is one of the best capitalized financial institutions in Switzerland. That will still be true after the dividend payout. It is Bellevue Group's firm intention to return any capital that is not needed for operational purposes to its shareholders, which is why the board decided to pay out slightly more than the entire net profit for 2013 as dividends. Our solid capital base with CHF 139 mn in equity plus the authorized share capital give us more than enough freedom to seize whatever opportunities may arise further down the road.

Shareholders' equity after proposed dividend payout (in CHF)



What about your expansion plans?
As announced in early 2013, we intend to further optimize our business model and will add to it if and when appropriate. We have been examining appropriate acquisition targets in the meantime and we could also imagine expanding into complementary, adjacent business areas. We are in talks with various parties on these issues and are carefully investigating opportunities as they emerge. Besides the strategy, it's just as important that a target matches our company values. And, of course, the price must also be right.

Where do you see organic growth potential?
As an independent local broker, Bank am Bellevue is predestined to profit from investor demand for original equity ideas, be it from existing or new clients and in new markets. In Corporate Finance we want to leverage our capital market expertise more effectively across a wider field. The bank has also created additional growth potential by expanding its client advisory business and launching two investment funds. Bellevue Asset Management has positioned itself quite clearly as a pure equity player with core competencies in "healthcare" and "emerging markets" as well as in its home universe of "Switzerland/Europe". Investor appreciation of the well focused product range and the sustained value it has generated is growing and with it our asset gathering potential. BB Biotech AG's fee model was also recently modified and that will enable us to invest more resources in research and portfolio management and intensify our sales activities.

Our strengths

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

Original investment and capital market expertise
Our 61 investment and capital market experts have a total of more than 1000 years of industry experience.

Proven track record
We have offered our select clientele sustained value in the form of above-average investment returns for the past 20 years.

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

Financial stability, limited risks, no conflicts of interest
With a CET1 ratio of 32.5%, we are one of the best capitalized financial groups in Switzerland. Operational risks are well contained in our business model and there are no conflicts of interest.

“Providing true value added in the form of investment competence and long-term performance as well as first-class services is more important than ever.”

Urs Baumann, CEO Bellevue Group (f.l.t.r.)

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

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.

André Rüegg, CEO Bellevue Asset Management

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

Serge Monnerat, CEO Bank am Bellevue

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

Bank am Bellevue – moderate income growth, further build-up of expertise

Basic elements of our strategy and philosophy

Proprietary research and capital market expertise	Quality research recommendations and advisory services	Client focus and services
– Research Team of one dozen analysts with long-term industry experience – Fundamental research approach – Original investment recommendations – Corporate Finance Team experienced in structuring and executing capital market and M&A transactions	– "Trusted Advisor" for select institutional and HNWI clientele – Long track record of above-average investment returns – Fundamental research and disciplined stock-picking as primary performance drivers	– Broad, internationally diversified client base – Optimal execution of client orders (trading) – Uncompromising client focus, no conflicts of interest

Bank am Bellevue increased its operating profit thanks to moderate income growth coupled with strict cost control. Additional investment in research and advisory talent strengthened the bank's expertise and market standing. Its investment recommendations produced a strong return once again, outperforming the benchmark performance of the SMI by 9.3%. Two investment funds patterned after its original investment ideas were launched.

Trading turnover on the SIX Swiss Exchange in 2013 increased by +19% from the low level of the previous year. This growth is more or less a reflection of the stock market's positive performance in 2012. Meanwhile, implied investor trading activity has hardly recovered and remains mired at near historic lows. Despite the very positive moves on stock markets last year, persisting economic uncertainties kept many institutional investors from becoming more active in equities. Private investors shunned stocks, as did many pension funds and, even more so, insurance companies, whose reported equity allocations are still at record lows.

Bank am Bellevue earns an operating profit of CHF 5.0 mn

As a pure equity house with a focus on research/brokerage and corporate finance services, Bank am Bellevue was able to benefit from the slight improvement in the market. Operating income rose 15% while operating expenses were reduced by another 4%. This resulted in operating profit of CHF 5.0 mn (2012: CHF 1.4 mn). Slightly higher demand from institutional investors led to an approximately 20% increase in brokerage operating income. Although the Corporate Finance Team managed several transactions – a rights issue, various block transactions, and a going private transaction, for example, total income from this business declined compared to the year-ago figure. The bank's workforce numbered an average of 37.0 full-time equivalents for 2013 (2012: 36.7).

Strong balance sheet and capital structure

Bank am Bellevue's balance sheet and capital structure remain extremely solid with a CET1 ratio of 41.5%. This is well above the minimum legal requirement for banks as well as the average ratio for the sector.

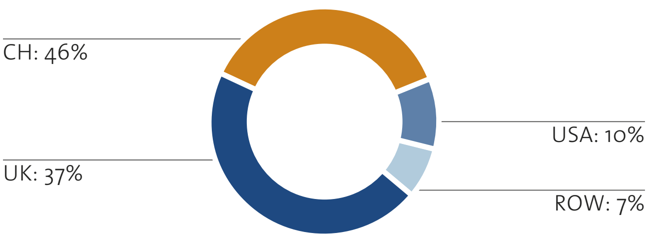
Distinct profile in the marketplace

Bank am Bellevue celebrated its 20-year anniversary as a specialist for Swiss equities during the past year. Fundamentals-driven research, original investment ideas, and an uncompromising focus on client needs form the cornerstone of the bank's success. High client interest in our annual flagship event in Flims, Switzerland, is a clear confirmation of the value these elements provide. Clients appreciate this event and the first-hand information they get from major Swiss companies early in the year. Approximately two dozen CEOs and CFOs of mostly SMI companies were welcomed as guest speakers at this year's event. Exclusive company tours and the Sector Days spotlighting the banking, chemicals and pharmaceuticals sectors are also a fixed part of the range of services Bank am Bellevue offers its clientele. Through these events Bank am Bellevue is able to provide discerning private and institutional investors exclusive access to the top management of many leading companies.

Anti-cyclical investment policy

Bank am Bellevue has a lean organizational structure and a low cost base, which is an advantage when trading volumes are low. These efficient company structures have allowed the bank to pursue an anti-cyclical strategy and selectively recruit young talents and experienced specialists for its Research and Sales teams. Investments in research quality and sustained efforts to broaden and diversify the client base are beginning to pay off. The internationally oriented Sales team was able to establish new contacts with major domestic and foreign investors during the past year while also strengthening existing business relationships. Besides its Swiss clients, Bank am Bellevue also does business with investors and professional counterparties in France, the UK, Germany, the Netherlands, and the United States. In the US, Bank am Bellevue works together closely with Auerbach Grayson. The broad client base was also reflected in the 54% share of fees and commissions generated with foreign investors in the financial year 2013.

Brokerage fees and commissions by region



Significant outperformance with Bellevue Research recommendations

Bank am Bellevue's original and exclusive investment ideas generated substantial value for its clients again in 2013. The top 5 recommendations produced an aggregate return of 37.2%, which represents an outperformance of 17.0% over the SMI.

The composite performance, based on all recommendations issued, was 29.5% in 2013, whereas the SMI advanced 20.2%. The long-term data is equally impressive: Since 2004, Bank am Bellevue's investment recommendations have outperformed the broader market in 8 out of 10 years. In August two investment funds were launched on the basis of this successful track record. The aim of the one fund is to track the performance of the investment recommendations as accurately as possible while the other fund additionally strives to counteract any market setbacks with varying levels of investment.

Outlook

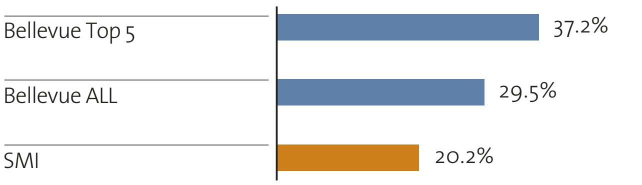
The bank will maintain its strong cost discipline to offset the persisting low trading activity. It is confident of its ability to generate attractive returns across the cycle as a local broker. Operating profit for 2013 was unable to keep pace with the strong gains on stock markets. Low interest rates, the projection of double-digit profit growth at Swiss companies for another year running and the general pressure on investment returns should give stock markets some support in 2014. Demand for financial market expertise from a highly specialized local broker is still intact. Highly qualified specialists in the areas of Research, Sales, Trading and Corporate Finance provide clients with true value added. In addition to the transaction-based business, Bank am Bellevue created another platform that will boost the future level of recurring income with the launch of two investment funds and the expansion of its advisory business during the year under review.

CET1 ratio Bank am Bellevue

41.5%

(2012: 48.5%)

Research recommendations vs. SMI, 2013



Serge Monnerat, CEO Bank am Bellevue

Bellevue Asset Management – assets under management surge, stronger income growth ahead

Key elements of our strategy and philosophy

Specialization on competence and innovation	Quality of performance and risk management	Client focus and service
– Boutique approach with high specialization on equity investments – Proven investment experience in healthcare themes and regional niches – Clearly defined product and service offering, driven by structural growth themes and innovation	– Fundamental analysis and disciplined stock-picking as primary performance driver – Active investment style based on concentrated and well-constructed portfolios – Rigorous risk management, high liquidity, and regulation	– Broad, internationally diversified client base – Distinct proximity to customers and profound market knowledge – High responsiveness and availability – Transparent and comprehensive communication and reporting

After achieving the turnaround in 2012 Bellevue Asset Management (BAM) maintained its course and set its sails for further growth in 2013. Assets under management surged 33% to CHF 2.63 bn (CHF 1.97 bn in 2012). This pleasing growth is largely attributable to the positive market performance and, to a lesser extent, to new money inflows at its investment fund products. BAM's operating profit did not quite match last year's figure because of the normalization in the item Other income. Progress was made on several fronts: recurring income stabilized around the year-ago level after a period of portfolio adjustments and realignment. Thanks to the increase in assets under management, BAM has established a good basis for sustained earnings growth.

Despite the further streamlining of BAM's product portfolio, management fee income was held at CHF 21 mn (2012: CHF 21.8 mn). Total operating income declined from CHF 24.4 mn to CHF 21.3 mn due to the absence of extraordinary income items from the year before. Thanks to strict cost management personnel and general operating expense was reduced another 4% to CHF 17.1 mn (2012: CHF 17.8 mn). Other income returned to a normal level, resulting in operating profit of CHF 4.3 mn, in line with expectations (2012: CHF 6.7 mn). BAM's capital reserves were drawn down again by reducing investments in own products (seed capital) and transferring some of its excess equity to the Group. As a result, a high return on capital employed was achieved in the year under review and future returns should likewise be attractive.

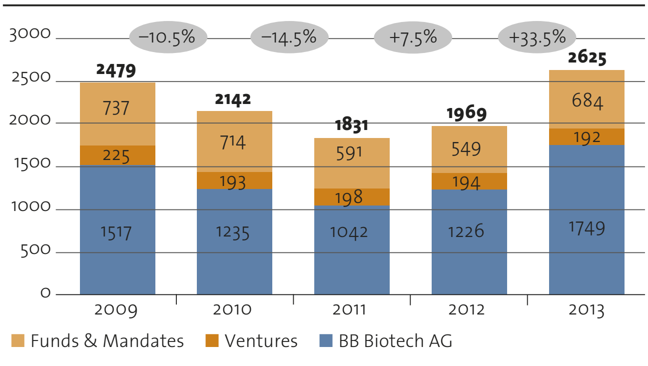
Business model – continuity and perseverance in product offering

After a period of consolidation, the business model with core competencies in healthcare (biotech, medtech and ventures) and selected regional equity strategies (entrepreneur, Africa and others) has proven its worth. The focus on equities is paying off as confidence slowly returns to this asset class and market momentum picks up. BAM's clear positioning as an equity house is an advantage and it is also benefiting from its well established and widely recognized products in the market. The company continues to concentrate primarily on institutional and intermediary clients based primarily in Europe. They are offered a variety of collective investment vehicles, such as an investment company, Swiss and Luxemburg investment funds, and discretionary, client-specific mandates. The platform was continually optimized during the past few years and can now be augmented through internal or external measures to take advantage of scalability.

Growth momentum in assets under management

Assets under management (AUM) showed pleasing growth in 2013. Driven by the strong market and portfolio-specific performance as well as new money inflows into the fund products, AUM surged 33% to more than CHF 2.63 bn (2012: CHF 1.97 bn). Primary growth driver was market performance, which accounted for CHF 698 mn of the increase, of which CHF 614 mn was realized at BB Biotech. Compared to the previous year, the investment funds and mandates made considerable progress in 2013 and their aggregate AUM rose by nearly 25% or CHF 135 mn. New money inflows were strongest at the Entrepreneur Switzerland and Europe, Africa and Biotech Strategies. Total new money amounted to CHF 102 mn. This inflow was offset by share buybacks at BB Biotech AG (CHF 95 mn), the final adjustments to the portfolio of investment fund products (CHF 45 mn) and a reduction in seed capital (CHF 4 mn).

Development of Assets under Management 2013 (in CHF 1000)



Product performance and quality

Product performance was quite pleasing in the wake of the advancing stock markets. The star performer was certainly BB Biotech AG, whose share gained 66% (in CHF), making 2013 one of the best years in its 20-year history. In addition to the strong share price gains, the stock also offers shareholders an attractive yield of 5%. BB Entrepreneur Switzerland and BB African Opportunities also stood out for their excellent relative performance. 10 of 16 strategies beat their benchmark, which is a satisfying result overall.

Investors show renewed interest in equities

Client activity clearly gained momentum during the period under review: after several years of widespread abstinence investors are starting to show an appetite for stocks again. The onset of profit-taking put a slight damper on the positive trend. Our broad product offering is in an increasingly better position to address this market growth:

1. BB Biotech's share price increased by 66% during the year, which was slightly less than the performance of its investment portfolio as measured by NAV, which increased 77% (in CHF). BB Biotech AG has raised its profile in Switzerland and foreign countries. This has broadened its shareholder base and the company has welcomed new and prestigious shareholders, especially in Switzerland and the UK.
2. Fund turnover increased significantly. New subscriptions amounted to CHF 219 mn while fund product adjustments (CHF 45 mn) and redemptions (CHF 124 mn) resulted in net new money of CHF 50 mn.

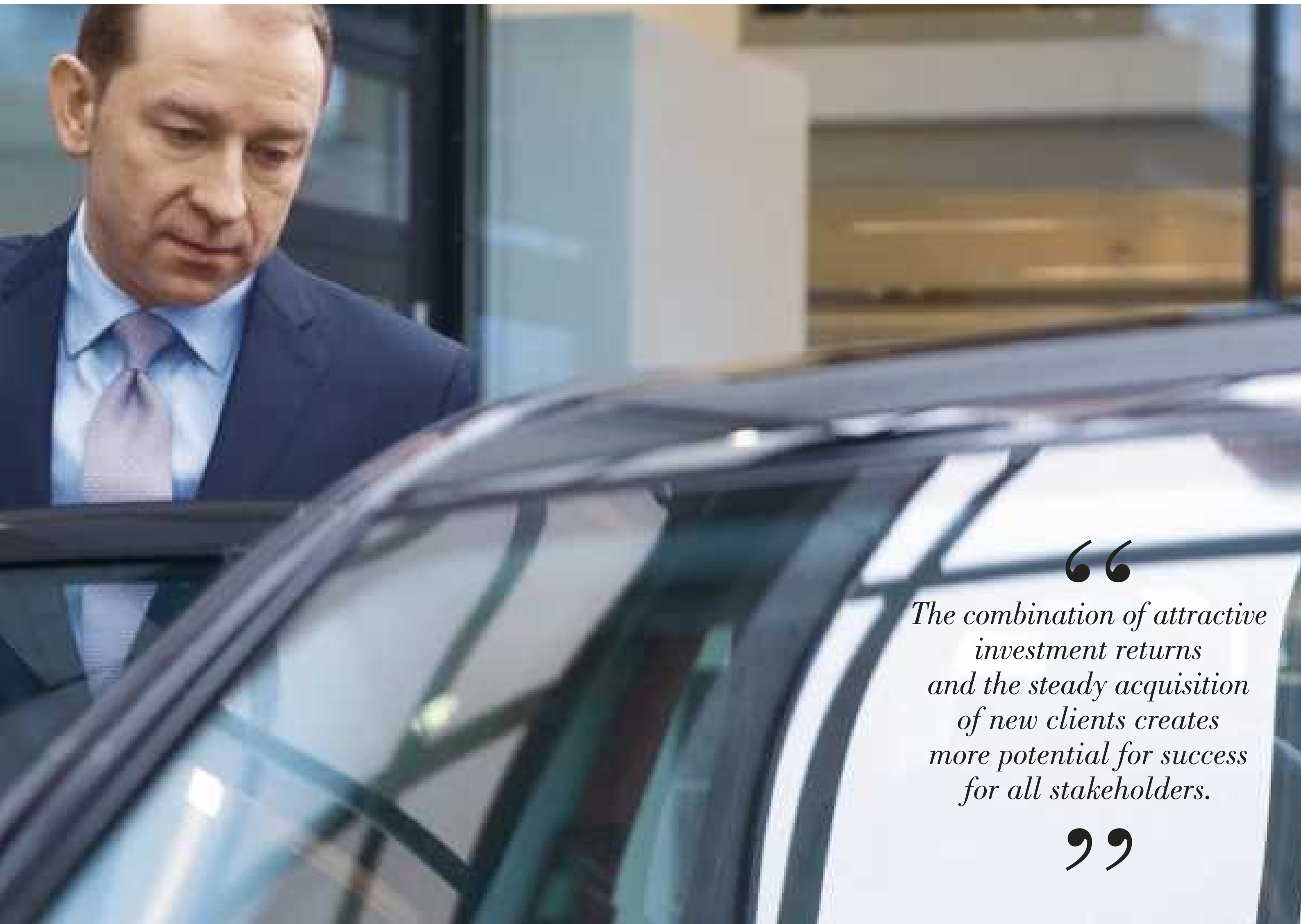
Our distribution strategy is unchanged: the focus remains on institutional investors and intermediaries, apart from the substantial presence of private investors in BB Biotech AG. Geographically, German-speaking Europe (Switzerland, Germany, Austria) is the core market and we have strengthened our operations in the area with the influx of a large number of new clients. Growth in the UK, an attractive yet highly competitive market, has also been pleasing, especially for BB Biotech.

Outlook – potential for income growth

In view of the significantly higher AUM and the sound quality of the recurring commission income, BAM is in a good position to increase its earnings power in 2014. Another factor is the modified management fee structure at BB Biotech AG, which will no longer have a cap as of 2014. Greater earnings power will allow us to invest more resources in our research and portfolio management capacity, strengthening and optimizing our biotech expertise in particular, and in distribution.

Our proven competencies and high level of service quality put us in a good position to tap organic growth potential in the structural growth stories of healthcare (in particular biotech) and emerging markets (Africa) as well as in our domestic market of Switzerland/Europe. Additional growth could be realized through the selective strengthening or expansion of our operating activities via acquisitions.

André Rüegg, CEO Bellevue Asset Management



“The combination of attractive investment returns and the steady acquisition of new clients creates more potential for success for all stakeholders.”

What are the headline issues for stock markets going into 2014?

Michael Heider: Last year the main market mover was still the incredibly expansive monetary policy of the world's major central banks, especially in the US, where the Federal Reserve continued to flood the markets with liquidity. This resulted in a very strong performance of stock markets. Looking at 2014, we expect an economic recovery to take root in the Eurozone, from which the countries on its periphery would probably benefit the most. This would mark the end of contraction for the Eurozone's economy, which is now in its second year. Since growth in the US economy should pick up, too, our overall outlook for the world economy is positive. So fundamentals could finally turn positive again and help lead share prices higher. That said, stock markets could nevertheless experience some very volatile swings in 2014 because investors will be keeping a nervous eye on the Federal Reserve as it tapers its expansive monetary policy.

What implications does that have for Switzerland and Swiss stocks?

Switzerland's economy has traditionally been closely intertwined with the surrounding European economy and it is very export-oriented. Consequently, the Swiss economy should also profit from faster growth in Europe and the rest of the world. We assume that a number of domestic sectors such as automotive suppliers, staffing services, luxury goods manufacturers and pharma companies will benefit from an upturn in global economic activity. We therefore favor companies in these sectors.

What are your recommended stocks for 2014?

In times of high market volatility we review and adjust our recommendations every quarter, an approach that has produced very good investment results in the past. In fact, our "top 5" ideas have achieved an annual performance of more than 17% since 2004, and a remarkable 37% in 2013 alone. For the first quarter of 2014 we recommend Adecco, Roche, Swatch Group, Swiss Re and Syngenta. After two excellent years for stocks in 2012 and 2013, investors will have to brace themselves for smaller returns in 2014.

Michael Heider, Head Research

Research at Bank am Bellevue – clearly focused on client benefit

Bank am Bellevue's business focus is on equity brokerage for Swiss equities. This sets it apart from other banks active in the Swiss financial market. The unit is organized in three business areas: Research, Sales and Sales & Trading, with Research being the centerpiece of the brokerage business.

The key objective of the analysts on the Research Team covering the banking, insurance, healthcare, consumer goods, and industrial sectors is to help our clients generate positive returns on Swiss equities. Below is a summary of their value proposition for stock market investors:

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

Clearly, research is not only about writing reports. A broad range of tailored products and services is offered. The Research Team prides itself on its concise, snappy, and "to-the-point" written research in the form of e-mails, notes, reports, and financial models. Meetings with our analysts and with top management of the companies under coverage are also part of the package as are roadshows with senior management of these companies. Exclusive client events, for example, our annual "Bellevue Meets Management" conference in Flims, which provides access to top executives of SMI companies in an informal environment, as well as theme-based events (for example meetings with industry experts on specific topics) are also offered.

The 4M research model of Bank am Bellevue

Bank am Bellevue uses an easy-to-understand rating system with "buy", "hold" and "reduce" ratings for the stocks it covers. Our research is based on fundamental analysis using our proprietary "M Model" (Market, Money, Management, Momentum) and applicable to a 12- to 18-month time horizon. This time frame may be longer in special cases (e.g. turnaround situations, restructuring, corporate actions, or capital transactions).

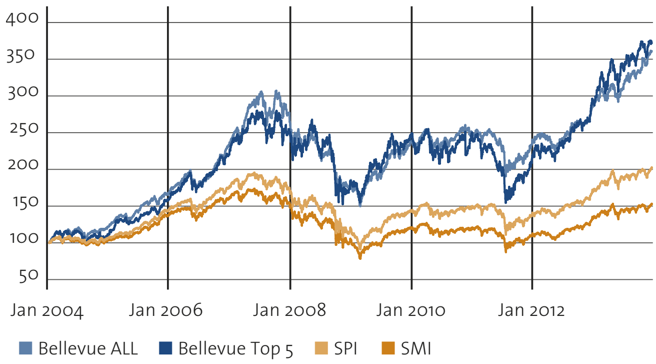
Profound knowledge of Swiss equity and capital markets

The Research Team adheres to a rigorous process that is numbers-driven, fact-based, and supported by quantitative models. In determining the potential upside or downside for any given stock, we rely on a multitude of methods, such as valuation multiples, peer comparisons, and discounted cash flow as well as cash flow return analyses; for the financial sector, we use specific valuation approaches developed for banks and insurance companies (e.g. discounted generated free equity). While the lion's share of our research is of a fundamental nature, we do make use of technical analysis, mainly in order to better time entry and exit points within a longer-term time frame, or to serve clients that pursue a short-term, trading-oriented style. We maintain close relationships with the companies we cover, their competitors as well as with industry experts, and we frequently engage in discussions with management. With an average industry tenure of nearly 15 years, our employees are well-connected and possess unrivaled local expertise.

Added value quantifiable in numbers

Every quarter the Research Team recommends five stocks (top 5) that have the best short-term performance potential in our investment universe. The average annual performance of its top 5 list since 2004 is 17.3%, which tops the corresponding annual performance of the SMI index for the same period by 12.2%.

Research recommendations of Bank am Bellevue versus benchmarks



Bank am Bellevue's 4M Model

Market	Money
– High growth – High pricing power – Low competition – Low product substitution	– High sales growth – Product innovation – Positive margin expansion – High EPS growth – High operational cash flow – Balance sheet intact
Management	**Momentum**

– Strong experience / competence
– Clear communication
– Track record for achieving financial targets
– Clear strategy
– Good corporate governance
– Access to management
	– Good news flow
	– Exposure to trends such as
	  – US recovery
	  – Emerging Markets
	– Potential change in analyst expectations
	– Chart positive

Corporate Finance – focus on special transactions

Our core offering

Capital market transactions	Strategic transactions	Capital structure
– IPOs – Public and private placements – Capital increases, convertible bonds – Block trades – Market-making	– Mergers & acquisitions – Private equity (buy-outs/buy-ins) – Tender offers – Valuations – Proxy fights – Going privates	– Capital structure optimization – Share buybacks – Restructurings

As in the past few years, Bank am Bellevue's Corporate Finance Team successfully executed out-of-the-ordinary transactions during the course of 2013. Once again the team lived up to its reputation of offering creative, customized solutions with a strong emphasis on value for the client rather than standard, one-size-fits-all solutions.

Despite the positive stock market trend, there was still no sharp upturn in transaction activity on capital markets and, by extension, in transactions for the Corporate Finance unit at Bank am Bellevue. Bond issuance activity, buoyed by low interest rates, was high in Switzerland as well as in other European countries, but the number of companies going public in Switzerland remained at a historically low level. As a small and agile team specialized in equity capital market transactions, strategic transactions, and the placement of big blocks of stocks, an optimal allocation of resources is important. This is reflected in the focus on quality rather than on quantity. After a new recruitment in the preceding year, the team is complete for now and ideally prepared to hold its own in the competitive field.

A long-standing partner for small and mid caps
As a financial boutique focused on Switzerland, Bank am Bellevue is well connected with the local market. Its main target group is companies like itself, i.e., it primarily serves small and midsized companies listed on the Swiss stock market. Looking ahead, there are plenty of challenges in store precisely for these companies and this could lead to new opportunities for the bank.

On the one hand, small and midsized companies have been affected most by the decline in stock-market trading volumes over the past few years. Meanwhile, the ever-increasing burden of regulation is absorbing more and more resources and causing administrative expense to climb. It is therefore conceivable that a growing number of listed companies with a low free float in absolute and relative terms will consider going private in the coming years.

Such a trend was already discernible in the past year considering the sharp rise in the number of takeover bids versus the preceding year and the various delisting announcements (e.g. Fortimo Group, Acino, Tornos).

Tender ratio for Fortimo Group

99.9%

(delisting transaction in 2013)

Completed transactions
With its proven M&A expertise in Switzerland the bank was actively engaged in these developments, for example by leading the takeover of Fortimo Group.

That particular transaction was a novelty in the Swiss M&A scene and it serves as a good example of the unconventional and custom-tailored solutions that the Corporate Finance Team at Bank am Bellevue offers it clients. In addition to a public tender offer for Fortimo Group issued by an acquisition vehicle controlled by Fortimo's existing management and major shareholders, the target company Fortimo Group issued a public buyback offer at a fixed price.

The Fortimo transaction was both creative and extremely successful. At the end of the offer period 99.9% of outstanding shares had been tendered.

Bank am Bellevue was also lead manager for the share capital increase at IPS Innovative Packaging Solutions and once again displayed its innovative transaction-structuring skills by combining the typical capital increase via tradable subscription rights with a non-cash capital contribution from major IPS shareholders and converting shareholder loans into new shares.

How would you summarize the market for equity issuance in 2013 and what is your forecast for 2014?

Marius Zuberbühler: Encouraged by the more positive macroeconomic setting in Europe, institutional investors moved back into equities in 2013, especially the UK and US institutionals. Market confidence and the willingness to participate in capital market transactions both increased significantly. European issuers benefited from the positive sentiment but activity in Switzerland did not climb much compared to the preceding years. In dollar terms, global equity issuance was about the same in 2013 as it was in 2010.

Friedrich Dietz: After all the positive market developments in 2013 many companies in Europe are now making preparations to go public in 2014. If the positive market environment holds and volatility remains low, we could also see some IPOs in Switzerland. Smaller-sized IPO candidates in particular need to have an attractive equity story and a realistic price frame to ensure a successful outcome.

The economic environment in 2013 was relatively stable, the interest rates remained low and the overall sentiment was positive. Did these factors translate into the expected increase in M&A activity in Switzerland?

Kalina Scott: No, they did not. Indeed, the year started with positive expectations for a booming M&A market. In addition to the stable economic environment and access to cheap financing, other factors, such as the cash-richness of the European companies and the search for growth in the emerging markets, were also expected to translate into M&A activity. This did not materializse to the expected extent. In fact, the M&A market in Switzerland declined in terms of value by 67% and by 4% in terms of number of deals compared to 2012. The activity was dominated by small and midsized cross border transactions.

Kalina Scott and Friedrich Dietz, Corporate Finance

> *“If the positive market environment holds and volatilty remains low, we could also see some IPO’s in Switzerland.”*

Biotechnology – advancing stock prices reflect progress on the drug development front

2013 was another banner year for the biotechnology industry. The NBI soared 61% (in CHF), handily beating the 29% gain by broad S&P 500 index. BB Biotech's Net Asset Value rose by 77%, even more than the NBI, and its shares also performed exceptionally well with a gain of 66% (in CHF). The fundamental drivers remained the same as in the year before: new product launches and positive newsflow on clinical development pipelines.

Fundamental drivers of the biotechnology sector

Demand for innovative treatment methods has never been greater than in today's age of extensive structural change. The average age of the population is steadily increasing and with it the need for healthcare services because many illnesses such as cancer or cardiovascular disease are more frequent among the elderly. Chronic diseases such as type 2 diabetes, a common secondary effect of obesity, are also on the rise. This is encumbering healthcare systems with mounting costs, at a time when they are under growing pressure to clamp down on spending due to high levels of government debt. Innovative drugs that ultimately lead to lower costs, be it because of fewer complications, shortened hospital stays, or because they provide treatment options for patients with previously unmet medical needs, are particularly welcome in times like these.

Number of new product approvals in the portfolio of BB Biotech AG

12

(in 2013)

Transitioning to a mature industry

Today many biotech companies have become profitable and their share prices are supported by solid top-line growth. Valuation multiples therefore remain at attractive levels. Once a company crosses the profitability threshold it can often pursue and fund R&D projects on its own and does not have to rely on help from outside partners, who are then entitled to a significant portion of the resulting economic value added. Biotechnology firms can thus negotiate from a position of strength during any exploratory takeover talks and biotech companies themselves are increasingly on the buyer's side of these deals. BB Biotech focuses primarily on companies that have reached the profit zone or are about to turn a profit and that are distinguished by innovative R&D strategies and technologies.

Average top-line growth rate for the companies in BB Biotech's portfolio

20%

(2013, BB Biotech estimate)

Pioneer in biotech portfolio management

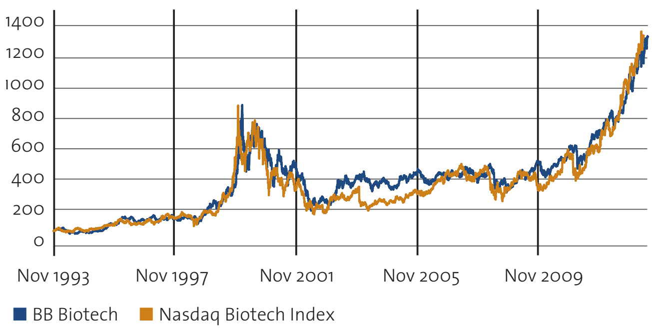
Bellevue Asset Management is one of the leading providers of investment vehicles focused on healthcare themes and it manages more than CHF 2.5 bn in specialized sector funds. The investment expertise of its 14 analysts and portfolio managers is channeled into various transparent investment products. These include the listed investment company BB Biotech AG, the BB Biotech (Lux) Fund, the BB Medtech (Lux) Fund as well as biotech private equity vehicles.

Movements in the biotech market are to a large extent event-driven, for example, when clinical trial results are published, new products launched, or regulatory decisions announced. This creates a high degree of complexity. Interdisciplinarity within the Management Team is therefore critically important. Successful investment results in the biotech sector require a combination of scientific, medical, and financial expertise.

Flagship product BB Biotech AG – access to a diversified biotech portfolio with clearly defined investment priorities

The investment company BB Biotech has made a name for itself over its 20-year record of success and rewarded its shareholders with an average annual return of more than 10% (in CHF). It offers investors access to a carefully selected portfolio managed by specialists. Since its founding, BB Biotech AG's Board of Directors has delegated portfolio management duties to Bellevue Asset Management Group . BB Biotech's portfolio consists of an attractive mix of large, profitable, fast-growing biotech companies and a selection of mid-cap stocks. Exposure to emerging market biotech companies is being increased on a selective basis.

BB Biotech AG – Performance since inception (rebased in USD)



Outlook – a multitude of catalysts in the portfolio

BB Biotech believes that the recent approval of Sovaldi will lead to a paradigm shift in the treatment of HCV patients. The success of Sovaldi in Gilead's HCV franchise is likely to channel additional investor funds into the entire biotech sector. Other companies in the portfolio, Actelion and Celgene for example, are also facing major milestones in 2014.

2013 has been the second bumper year in succession for biotechnology. Can the trend continue?

Daniel Koller: Biotech firms are on a more solid footing than ever before. Advancing share prices in the past years have been accompanied by rising sales. The process was propelled forward by approvals of new drugs whose transformational nature gave them a shortcut into medical care. Sales of Celgene's Revlimid, for instance, have already passed the 4 billion dollar mark and the drug should be granted approval soon in another major therapeutic indication. The success of Onyx's Kyprolis led to the company's acquisition by Amgen at a premium of 43%. And the pipelines are still full to bursting: looking at the sales growth estimates for our portfolio companies for the next number of years, we see an average annual growth rate in the range of 20% by 2017. Not many sectors offer that kind of growth, and that in turn is sustaining investor interest. Apart from brief macroeconomic influences of the kind you can never rule out, our conclusion is that the sector will continue to be one of the stronger performers in the market.

What are the hot topics to watch out for in 2014?

The launch of Gilead's Sovaldi for the treatment of hepatitis C infections unquestionably tops the list. Initial data indicate that analyst estimates are likely to be revised upward by a significant amount. The drug could well generate hundreds of millions in sales in the first post-launch quarter alone, and that's just the US market. Now that a number of rivals have shelved their own product development efforts, Gilead seems to be in a very good position to achieve leadership in the hepatitis C market. A number of very promising oncology products are poised for launch, too. Naturally, the trend does not depend on these two therapeutic indications alone. We can expect exciting updates in countless other areas, too. For example from Vertex in cystic fibrosis or from Actelion in pulmonary arterial hypertension.

Dr. Daniel Koller, Head Biotech

What can you and your team say about the valuations of European stocks in 2013?

Earnings estimates in Europe were revised sharply lower again as the year progressed and positive profit growth proved to be out of reach for another year running. But stock valuations nevertheless continued to climb. The average P/E for European stocks rose from 11 to 13.6, mainly because of the ongoing normalization of the risk premium. From a historical standpoint, the current valuation level is just beyond the top end of the neutral range and a further re-rating will be much harder to achieve now without some positive momentum on the earnings side.

How did the BB Entrepreneur Europe Fund perform in 2013 and what were the main issues?

The fund ended the year with a gain of 12% and trailed the benchmark in what was an exceptionally strong year for equities. Our focus on structurally sound companies with better than average balance sheets and strong growth potential did not pay off in a trading environment where leverage and price momentum were the main market movers. The banking, insurance and telecom sectors experienced a significant re-rating in 2013, though, so investor attention is likely to gradually return to quality stocks during the course of 2014.

What major developments do you expect going into 2014 and how have you positioned your portfolio?

Successful stock selection will depend more on fundamental criteria in 2014 rather than simple momentum trading, although unconventional monetary policy will still keep markets on edge during the current year, too. We expect a mild economic recovery and companies should be able to profit from positive operating leverage. The absence of positive stimuli from the credit cycle is a problem. That said, the corporate sector has enough liquidity to ramp up the investment cycle again. Generally speaking, 2014 can be a solid year for European stocks. Our Entrepreneur portfolio therefore has a cyclical bias, with a preference for consumption-related stocks and industrials plus a healthy dose of attractive stocks from Europe's periphery. Our top 10 positions include AP Möller-Maersk, JC Decaux, Sonae and Swatch.

Birgitte Olsen, Head Entrepreneurial Investment Strategies

Entrepreneurs – Think in generations, not quarters

Family and entrepreneur-led companies are not only the mainstay of a country's economy, they also represent an exclusive group of companies with specific qualities that clearly set them apart from non-family-run companies. Decisions made by family and entrepreneur-led companies are usually framed by longer-term goals, true to the motto of "think in generations, not quarters". They are distinguished by greater innovation, a sharp focus on market niches, a high degree of internationalism, and stable customer relationships. Family and entrepreneur-led companies often have deep roots in their local community and cultivate strong identification with the company by adhering to values where continuity and ethics often come before the short-term maximization of profits. That makes these companies more resilient to crises and, not least, helps them to create intangible value.

Supported by empirical evidence

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 operate with a significantly higher equity ratio, which for listed companies may also result in a better-than-market performance over the long run.

Cooperation between Bellevue Asset Management and the Center for Family Business

As a research institute specialized in this area, the Center for Family Business at the University of St. Gallen (HSG) is researching and documenting causal and correlative links within this particular group of companies. Bellevue Asset Management supports the research team headed by Professor Thomas Zellweger as an external partner with practical experience. The center's research activities are focused in particular on the value and performance drivers specific to listed family-run businesses. We expect this research to yield evidence-based findings and practical insights of relevance to the world of business. In addition, we are working on global projects devoted to issues such as corporate succession, long-term value creation at family-run companies and how the non-financial aims of business owners can influence their company's strategy and financial performance.

Implementation in promising investment concepts

The influence a company's shareholder structure has on its longterm performance was long neglected in practice by the investment community. It has since been demonstrated that significant excess performance can be achieved with an entrepreneur-based investment concept. Constructing a portfolio of listed family-run companies will not, however, automatically lead to better-than-average gains. Each company can have specific risks such as unclear succession plans or the business owner could "drift off" in the wrong direction or treat minority shareholders unfairly. 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.

AuM Entrepreneur strategies

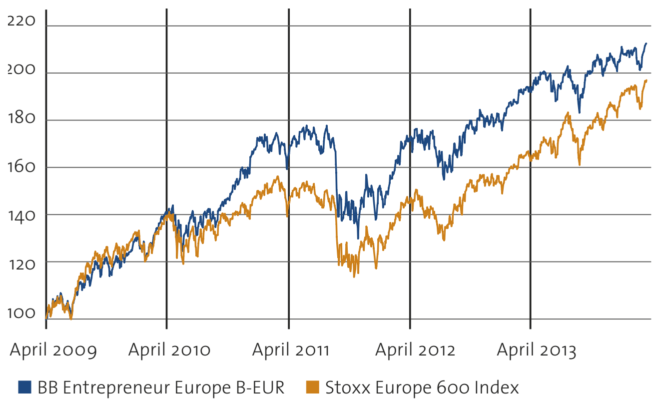
CHF 258.5 mn.

(31.12.2013)

Entrepreneurs for Entrepreneurs

Bellevue Asset Management is one of the investment pioneers in the entrepreneur space launching the BB Entrepreneur Switzerland Fund in 2006. Its BB Entrepreneur Europe (Lux) Fund was launched in April of 2009 and has since gained 109.6% in value, which compares well with the 88.3% increase in the Stoxx Europe 600 Index during the same period (data as of Dec. 31, 2013). Bellevue Asset Management rounded out its family of European entrepreneur funds in June 2011 when it launched the BB Entrepreneur Europe Small Fund. An absolute novelty is the BB Entrepreneur Asia Fund, which was launched in the spring of 2011 and is the first Asian ex-Japan fund that is exclusively focused on private or entrepreneur-led companies in Asia.

BB Entrepreneur Europe – Performance since inception (rebased in fund currency)



Number of interviews with entrepreneurs

300

(per year)

Investment opportunities in Africa – investing in structural change in emerging markets

Political and economic reforms, infrastructure build-out, and strong demand for commodities are ushering in a new era for the African continent. Add in growing inflows of direct foreign investment and a young generation of highly educated leaders and it is clear why Africa has entered a promising new era of growth. This is creating a host of attractive investment opportunities, both in North Africa and throughout Sub-Saharan Africa. What's more, these are basically local-driven stock markets, which further enhances the diversification effect.

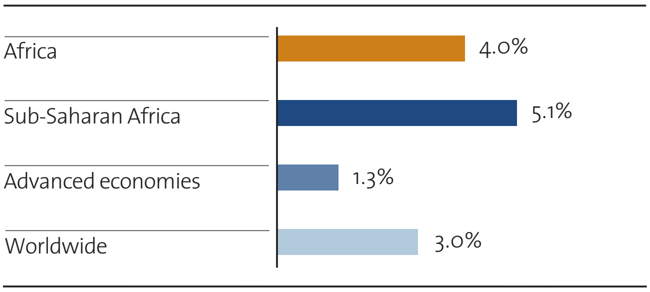
Growth through structural reforms

Many people still associate Africa with economic mismanagement, poverty, and corruption but reality today is different: Africa's real gross domestic product has been expanding at a more than 5% pace in recent years and per capita incomes have made strong gains, putting the continent as a whole in third place growth-wise after China and India. 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.

Infrastructure and demand for commodities are the driving forces

Be it from the construction of power lines or water lines, telecommunications networks, housing and roads, rail infrastructure, airports and seaport facilities – investment in basic infrastructure build-out is fueling strong growth many countries on the continent. Africa is also benefiting from Asia's steady and strong demand for its natural resources. The continent holds huge, largely undeveloped mineral resources and is steadily expanding its global market share of this trade. With its young, well-educated leaders in politics and business, the continent is looking forward to an attractive future with long-term structural growth opportunities and that also applies to the long disregarded stock markets in both North Africa and Sub-Saharan Africa.

GDP growth 2013



Promising, largely unexplored stock markets

Africa experts expect above-average growth from North Africa and Sub-Saharan Africa over the long run, as well as from secondary sectors of the economy besides the commodity sector, for example, from the banking, insurance, telecommunications, and construction sectors. The dynamic stock markets in North and Sub-Sahara Africa were long shunned by Western investors even though they have evolved into modern stock exchanges in recent years. Trading activity in these markets is mainly driven by local factors and hardly impacted by the shifting flows of international capital. This enhances the diversification potential of investments in the region.

Focus on structural growth

Frontier market specialists from Bellevue Asset Management have years of experience in analyzing and managing investment opportunities that stand to benefit strongly from structural change, economic reforms, and infrastructure spending. Whether listed telecommunications companies in Kenya, banks in Egypt, or breweries in Nigeria, they consistently focus on flawless balance sheet quality, long-term growth prospects, management transparency, and deep market liquidity.

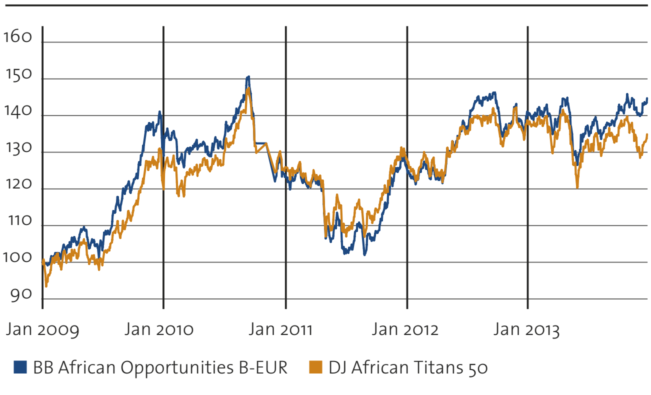
Thanks to long-standing local networks, the fund's specialists can evaluate prospective investment candidates onsite in meetings with company management. Risk-return tradeoffs are carefully weighed in the course of thorough fundamental analysis. This ultimately results in a liquid portfolio of 50 to 60 stocks. Top-down risks are also included in their analysis and the weightings of individual stocks.

Liquid investment solution for portfolio diversification and optimization

BB African Opportunities is focused on selected fast-growing countries in Northern and Sub-Saharan Africa; South Africa and commodities are underweighted. This makes the fund an ideal building block for optimizing a global emerging market portfolio. Besides the regional focus, another factor differentiating the fund from other products is its attractive risk/return profile.

However, investors should always be aware that, as already witnessed in other emerging markets, Africa's development will not always be straight and linear and temporary crises will have to be endured.

BB African Opportunities – Performance since inception (rebased in fund currency)



After the Federal Reserve announced last year that it would start tapering its bond purchases, investors in emerging markets got nervous and these stocks have traded sharply lower ever since. But not in Africa. Why not?

Malek Bou-Diab: There are two main reasons for this. One is that economic data coming out of Africa has gotten better, not worse, for example in Kenya, where economic growth is now accelerating. The other has to do with the flood of liquidity from the US. It generally spilled over into other emerging market regions rather besides Africa and that turned out to be an advantage during this period of transition. So investing in African stocks was a good way of diversifying emerging market exposure in a portfolio last year.

The BB African Opportunities Fund outperformed its benchmark by a wide margin in 2013. What were the main factors behind this outperformance?

Our positioning in Egypt is certainly worth mentioning as the country profited from its too-big-to-fail status. Kenyan stocks were buoyed by positive sentiment after the elections there and that gave our portfolio a boost, too. Finally, we were underweight in South Africa. The stock market in Johannesburg was hit by declining commodity prices and rising inflation in 2013, plus the rand lost more than 20% of its value against the euro.

What are the big challenges for 2014 and how is your portfolio positioned to address them?

We think Egypt's economic growth will pick up again, which should help to stabilize the political situation there and encourage new investment. In Kenya we anticipate disappointing company results in the near term but our mid- to longer-term forecast is still positive. In Nigeria we will be keeping a sharp eye on political developments in the run-up to the presidential elections in 2015. A new governor must be appointed for Nigeria's central bank and uncertainty about the future price of crude will also be a factor. South Africa's economy is fragile, but that is not too much of a concern because the fund has underweighted that country.

Malek Bou-Diab, Lead Portfolio Manager BB African Opportunities Fund

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Information relating to corporate governance

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

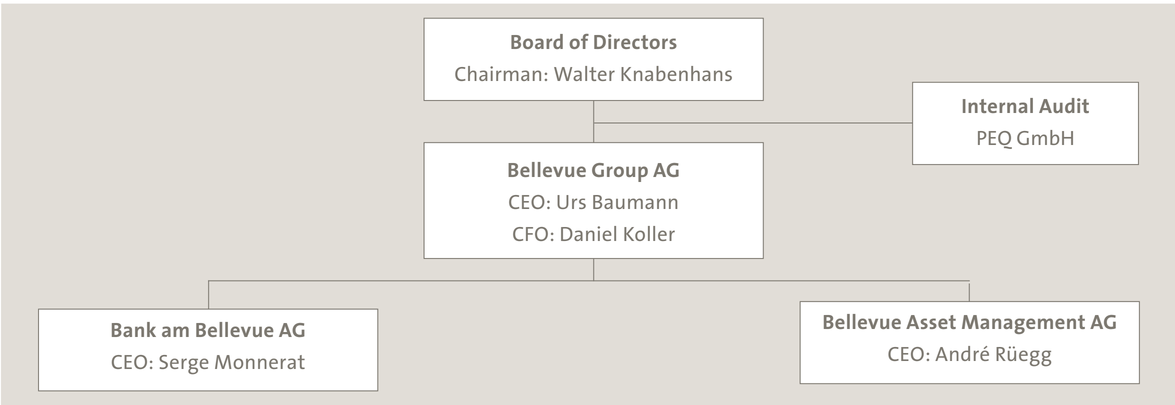
On 29 October 2008, the SIX Swiss Exchange published its revised Directive on Information relating to Corporate Governance, which entered into force on 1 July 2009. The following information meets the requirements of this Directive, taking account of the SIX's commentary, last updated on 20 September 2007. Where the information required in the Directive is disclosed in the notes to the financial statements, please see the corresponding note.

In March 2013, Swiss voters accepted the initiative "against fat-cat salaries". The demands of the initiators were laid down in the Ordinance against Excessive Remunerations in Listed Companies Limited by Shares (VegüV). This ordinance entered into force on 1 January 2014. In particular, the VegüV rules that severance payments, advance payments or commissions for the takeover or transfer of a company are no longer permitted as of immediately.

All other requirements are subject to the transitional rules of the VegüV. The Board of Directors will implement these in due time: by the end of 2014, it will have revised the articles of association and the relevant regulations in order to meet all requirements of the VegüV. The General Meeting will review the revised articles of association for approval in 2015.

Group structure and shareholders

Corporate structure as of 1 January 2014



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 81.

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

Shareholder or beneficial owner	Voting rights held	31.12.2013 Number of shares held	Voting rights held	31.12.2012 Number of shares held
Martin Bisang, Küsnacht	20.06%	2'100'006	20.48%	2'144'006
Jürg Schäppi, Rapperswil-Jona	9.05%	947'175	9.68%	1'014'016
Urs Baumann [1]	5.04%	528'062	5.04%	528'062
Daniel Schlatter, Herrliberg	4.98%	521'760	4.98%	521'760
Integralstiftung für berufliche Vorsorge	3.90%	408'200	3.47%	363'500

1) 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 61.

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 39 and in note 4.8 on page 61. 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 2014:

	Function	Nationality	Member of Board Committee [1]	First elected	Elected until
Walter Knabenhans [2]	Chairman	CH	CC [3], AC [4]	2006	2014
Dr. Thomas von Planta [2]	Member	CH	AC [3], CC	2007	2014
Daniel H. Sigg [2]	Member	CH	AC, CC	2007	2014

1) Further information on the committees is given below under "Internal organization"
2) Independent as per FINMA-RS 08/24: yes
3) Chairman
CC: Chairman Committee
AC: Audit Committee
4) Membership in AC required due to minimum size according to AC rules

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

Walter Knabenhans, born 1950
- Degree in civil engineering, ETH Zurich, degree in economics, University of Zurich (lic. oec. publ.)
- Currently an independent financial and investment advisor
- With Julius Bär Group until 2006, in various functions, last serving as President of the Group Executive Board and CEO
- Mandates:
  - Member of the Board of Directors of Finnova AG
  - Member of the Board of Directors of Bank Morgan Stanley Ltd.
  - Chairman of the Board of Directors of Avalor Invesmtent AG
  - Chairman of the Board of Directors of Parsumo Capital AG

Dr. Thomas von Planta, born 1961
- Degree in law, University of Basel, University of Geneva (Dr. iur.), attorney at law
- Since 2006 owner of CorFinAd AG, Corporate Finance Advisory (advisory for M&A transactions and capital market financings)
- 2002–2006 Vontobel Group, Head a.i. Investment Banking/Head of Corporate Finance, member of the extended Executive Board
- 1992–2002 Goldman Sachs, lastly in London, Equity Capital Markets Group & Investment Banking Division

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 Departement
- 1984–1987 Credit Suisse, Financial Analyst
- Mandates:
  - Member of the Board of Directors of VP Bank Ltd.
  - Member of the Board of Directors of Auerbach Grayson & Co.

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

Internal organization

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

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

Chairman Committee (CC)
The CC comprises a chairman and at least two other members of the Board of Directors. The Chairman of the Board of Directors is the Chairman of the CC. The CC exercises the functions of the Board of Directors and its committees between meetings. Any resolutions are referred to the Board of Directors for ratification. The CC is also responsible for authorizing certain risk limits. The CEO and / or CFO as well as other people attend the meetings of the CC upon reques. No meetings were held during the year under review.

Audit Committee (AC)
The AC examines whether all systems created to monitor compliance with legal and statutory provisions are appropriate and whether they are being applied properly. It reports to the Board of Directors and makes recommendatoins 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 montors the activities of the Internal Audit, maintains Board level contact with the external auditors and monitors their performance and independece as well as their collaboration with the Internal Audit.

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

Internal Audit

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

Definition of powers of authorization

Board of Directors

The Board of Directors is responsible for the ultimate direction of the company and the supervision and oversight of Bellevue Group. It passes and periodically revises company strategy, issues directives and guidelines as necessary and determines Bellevue Group's organizational structure and risk policies. It also receives reports about the existence, appropriateness and effectiveness of the internal control system. It supervises and monitors persons entrusted with executive management duties. The Board of Directors is responsible for appointing and dismissing the CEO. It approves the appointment, promotion, and dismissal of Bellevue Group's senior management. Furthermore, it performs the duties assigned to it by law (Art. 716a CO). The delegation of powers between the Board of Directors, its committees, the CEO and the Group Executive Board is specified in Bellevue Group's regulations. The competencies of the Board of Directors include the purchase and disposal of shareholdings, the establishment of group subsidiaries and regionial 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 appicable industry standards.

Its responsibilites also include drawing up and application an annual budget and defining annual targets for Bellevue Group. The Group Executive Board ist 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 deparmtens within Bellevue Group.

Information and control instruments relating to the Group Executive Board

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

During the meetings of the Board of Directors, everey 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.

The Group Executive Board

The Group Executive Board comprised the following persons as at 1 January 2014:

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

Additional information on the members of Group Executive Board:

Urs Baumann, born 1967
- Business and economics degree, University of St. Gallen (HSG)
- MBA University of Chicago, Booth School of Business
- Since 2012 CEO of Bellevue Group
- 2007–2010 Lindorff Group, Oslo, CEO
- 2006–2007 Barclays Bank PLC, London, Managing Director Central & Eastern Europe Barclaycard
- 1998–2005 Swisscard AECS, Horgen, CEO
- 1993–1998 McKinsey & Company, Zürich
- Mandate:
  - Member of the Board of Directors of Baumann Group AG

Daniel Koller, born 1970
- Swiss Certified Accountant
- Since 2008 CFO of Bellevue Group
- 2004–2007 with Valartis Group, Head of Controlling & Compliance
- 1995–2004 Ernst & Young, auditing

Serge Monnerat, born 1969
- Business and economics degree, University of Zurich
- Since 2001 with Bellevue Group, Head Research Bank am Bellevue AG, since March 30, 2010 CEO of Bank am Bellevue AG
- Previously with BZ Group

André Rüegg, born 1968
- Business and economics degree, University of Zurich
- Since 2009 with Bellevue Group, Head Sales & Marketing, since 1 January, 2012 CEO Bellevue Asset Management AG
- 1995–2009 with Julius Bär Group Member of the Executive Committee Asset Management
- 1993–1995 Arthur Andersen & Co.
- Mandate:
  - Chairman of the Board of Directors, RBR Capital Ltd.

Compensation, shareholdings and loans

Board of Directors

The compensation paid to members of the Board of Directors comprises a basic fee, dependent on their function within this collegiate body. The directors may also be awarded shares, but they are not contractually entitled thereto; a decision whether to award shares will be made each year. Any shares awarded will be subject to a vesting period of two to four years. The Board of Directors determines the basic fee and any additional share allocation itself.

The members of the Board of Directors of Bellevue Group AG are also members of the Boards of Bank am Bellevue AG and Bellevue Asset Management AG. The total of basic salaries for 2013 amounts to (the following amounts do not include social welfare benefits):
- Chairman of the Board of Directors: TCHF 145 (previous year: TCHF 135)
- Other members of the Board of Directors: TCHF 90 (previous year: TCHF 80)
- Chair of Chairman/Audit Committees: CHF 15,000 (previous year: unchanged) extra (per committee)
- Members of Chairman/Audit Committees: CHF 10,000 (previous year: unchanged) extra (per committee)
- Member of a Board of Directors on behalf of Bellevue Group: CHF 10 000 at maximum (per mandate)
- Additional all-in expenses from CHF 5000 to CHF 10,000

In 2013 each director were awarded 2 095 shares of Bellevue Group AG with a two-year blocking period (previous year: 1 000).

The information on compensation, shareholdings and loans of the members of the Board of Directors is disclosed in the notes to the consolidated financial statements under sections 5.1 and 5.2 (page 63).

Group Executive Board

The Board of Directors is responsible for determining the compensation of the members of the Group Executive Board.

The compensation paid to the members of the Group Executive Board consists of a basic salary and a variable salary revised annually, as a one-off payment. The current bandwidth of basic salary is ranging from THF 240 to TCHF 300 (previous year: from TCHF 240 to TCHF 300) ; these and the following amounts include no social security contributions.

In principle, variable salary for members of the Group Executive Board is based on a performance appraisal, supported by annually agreed targets and expectations. This takes account of position, experience, personal performance and the market environment. These factors are weighted at individual level. The variable salary of the members of the Group Executive Board also forms part of the total amount of variable salary, set at individual segment level and Group-wide (cf. “Additional explanations” below). Variable salary paid to members of the Group Executive Board ranged from TCHF 170 to CHF 326 for 2013, i.e. from 62% to 109% of basic salary.

Up to salaries of TCHF 100, payment is made in cash. Amounts from TCHF 100 up to TCHF 200 are paid in the form of shares of Bellevue Group AG that are blocked for four years. Any amounts over TCHF 200 are also paid in the form of shares of Bellevue Group AG that are blocked for four years. The shares must be returned should the employment contract be terminated within a year of them being allocated.

Variable salary for members of the Group Executive Board in the previous year ranged from TCHF 51 to TCHF 170, i.e. from 17% to 68% of basic salary. Payments were made in cash up to TCHF 100; any excesses above that threshold was awarded in the form of shares of Bellevue Group AG and subject to a two-year lock-up period.

The Board of Directors has created a “blocked share programme” for the Group CEO. Under this programme, he was allocated 307 062 shares of Bellevue Group AG in May 2012, when their market value was CHF 3 093 000. Those shares remain subject to lock-up until May 2017. A pro rata repayment option exists (except in case of a change of control). In return, the Group CEO waived participation in other bonus schemes for five years and undertook to acquire a substantial interest in Bellevue Group AG during 2012.

The information on compensation, shareholdings and loans of the members of the Group Executive Board is disclosed in the notes to the consolidated financial statements under sections 5.1 and 5.2 on page 63.

Additional explanations

The remuneration of employees of Bellevue Group (except portfolio managers of the Asset Management segment – see below) also consists of a basic salary and a variable salary, revised annually, as a one-off payment (the following amounts include no social security contributions).

The total amount of variable salary will be determined at operating segment level. For this purpose, in each case, an adjusted segment result will be calculated, to take account of proportionate Group costs and interest on allocated capital. Conversely, amortisation of intangible fixed assets and tax expenses are eliminated. This adjusted result is allocated in a given mathematical ratio to the shareholders and the available pool for variable salary per segment. The total pool thus calculated for 2013 amounts to CHF 1.3 million. (previous year: CHF 0).

On the other hand, a minimum bonus pool has been calculated for the Bank am Bellevue segment. This is based on operating turnover. If the operating profit pool defined above is smaller, the minimum bonus pool applies. For 2013, this amounts to CHF 1.8 million (previous year: CHF 1.6 million).

In principle, the management of each segment determines individual variable salary. Account is taken of position, experience and personal performance. For client-related areas, elements with a direct bearing on income are also taken into account when calculating personal performance. To assess the personal performance of employees in the fields of processing and monitoring, on the other hand, account can never be taken of elements with a direct bearing on income. The Group CEO has the right of veto of decisions made on compensation for members of segment management.

Up to TCHF 100, payment is made in cash. Amounts from TCHF 100 up to TCHF 200 are paid either in the form of shares of Bellevue Group AG that are blocked for four years, or in the form of certain fund products under Bellevue management. Any amounts over TCHF 200 are also paid in the form of shares of Bellevue Group AG that are blocked for four years. The shares must be returned should the employment contract be terminated within a year of them being allocated.

For the previous year, variable salary up to CHF 100 000 were paid in cash. A choice existed for payment of any excess, above the CHF 100 000 threshold: it could either be paid in the form of shares of Bellevue Group AG, subject to a two-year lock-up period, or in the form certain fund products under Bellevue management. If the amount was greater than CHF 200 000, the amount in excess of the CHF 200 000 threshold would be allocated 12 months later in the form of shares of Bellevue Group AG only, subject to a two-year lock-up period, provided that the employment has not been terminated at that time.

For portfolio managers in the Asset Management segment, there are contractual obligations to calculate and pay variable salary. The variable compensation of portfolio managers is governed by the success of the products under their management. The individual teams accordingly share in the net proceeds earned by the respective product. The amount of compensation depends on factors such as the quality of investment performance, measured against relevant benchmark indices, and comparable market offers. No compensation is paid on the seed capital invested in the products. Thus, for the year 2013, variable salary of CHF 2.8 million was based on portfolio management (previous year: CHF 2.8 million). CHF 2.8 million of this is paid to portfolio managers (previous year: CHF 2.5 million), while CHF 0 million (previous year: CHF 0.3 million) is paid to other functions.

In principle, the relevant team leaders propose the levels of individual variable salary for the portfolio managers. This is then approved by the CEO of the Asset Management segment. Account is taken of position, experience and personal performance.

Participatory rights of shareholders

Voting rights restrictions and shareholder representation

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

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

Statutory quorums

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

Notice convening the general meeting of shareholders

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

Placing items on the agenda

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

Registration on the share register

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

Change of control and defense measures

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

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

Statutory auditor

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

Fees paid to auditor

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012
Auditing fees billed by PwC	439	440
Additional fees billed by PwC for audit-related services	10	72

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 supvervising 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 effectivenes 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 adresses are listed on page 94 of the annual report.

Consolidated financial statements 2013

Consolidated income statement

CHF 1000	Note	1.1.–31.12.2013	1.1.–31.12.2012 restated		Change
Interest income		501	1 112	–611	–55%
Dividend income		3 534	1 111	2 423	+218%
Interest expense		–70	–142	72	–51%
Net interest income		**3 965**	**2 081**	**1 884**	**+91%**
Fee and commission income		37 567	37 843	–276	–1%
Fee and commission expense		–137	–144	7	–5%
Net fee and commission income	3.1	**37 430**	**37 699**	**–269**	**–1%**
Securities trading		586	204	382	+187%
Foreign exchange trading		422	151	271	+179%
Net trading income		**1 008**	**355**	**653**	**+184%**
Income from the sale of associated companies		–10	–	–10	–
Income from other financial assets at fair value		2 260	2 550	–290	–11%
Other ordinary income		1 127	2 783	–1 656	–60%
Other ordinary expense		–3	–7	4	–57%
Other income		**3 374**	**5 326**	**–1 952**	**–37%**
Total operating income		**45 777**	**45 461**	**316**	**+1%**
Personnel expenses	3.2	–24 286	–23 631	–655	+3%
Other operating expenses	3.3	–11 564	–14 033	2 469	–18%
Depreciation	3.4	–2 697	–2 795	98	–4%
Valuation adjustments and provisions	3.5	–200	1 867	–2 067	–111%
Total operating expenses		**–38 747**	**–38 592**	**–155**	**+0%**
Profit before tax		**7 030**	**6 869**	**161**	**+2%**
Taxes	3.6	–546	–664	118	–18%
Group net profit		**6 484**	**6 205**	**279**	**+4%**
Basic earnings per share (in CHF)	3.7	0.62	0.60	+0.02	+3%
Diluted earnings per share (in CHF)	3.7	0.62	0.60	+0.02	+3%

The accompanying notes (see page 42 ff.) are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.12 restated		Change
Group net profit in the income statement	**6484**	**6205**	**+279**	**+4%**
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	11	−35	+46	−131%
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	−574	2296	−2 870	−125%
Profits on financial instruments transferred to retained earnings	–	–	+0	–
Items that will not be reclassified subsequently to net income				
Remeasurements of post employment benefit obligations IAS 19	1 873	1 791		
Total comprehensive income	**7 794**	**10 257**	**−2 463**	**−24%**

The accompanying notes (see page 42 ff.) are an integral part of the consolidated financial statements.

Consolidated balance sheet

CHF 1000	Note	31.12.2013	31.12.2012 restated	1.1.2012 restated	Change to 31.12.2012 restated	
Cash		172 703	246 912	122 731	−74 209	−30%
Due from banks	4.1	79 174	87 253	118 829	−8 079	−9%
Due from customers	4.1	20 874	12 327	13 500	+8 547	+69%
Trading portfolio assets	4.2	6 857	653	5 346	+6 204	+950%
Positive replacement values	4.2	7 277	3 004	1 644	+4 273	+142%
Other financial assets at fair value	4.2	27 579	27 881	63 221	−302	−1%
Accrued income and prepaid expenses		1 970	1 727	3 023	+243	+14%
Financial investments	4.3	23 498	38 414	54 728	−14 916	−39%
Associated companies	4.4	492	47	1	+445	+100%
Property and equipment	4.5	336	746	1 253	−410	−55%
Goodwill and other intangible assets	4.6	53 998	56 283	58 568	−2 285	−4%
Current tax assets		10 432	8 981	6 776	+1 451	+16%
Deferred tax assets	3.6	25	407	1 663	−382	−94%
Other assets		473	1 290	1 497	−817	−63%
Total assets		**405 688**	**485 925**	**452 780**	**−80 237**	**−17%**
Due to banks		6 014	18 931	16 160	−12 917	−68%
Due to customers		221 376	285 610	221 891	−64 234	−22%
Trading portfolio liabilities	4.2	4 458	–	–	+4 458	+0%
Negative replacement values	4.2	7 205	2 872	1 560	+4 333	+151%
Accrued expenses and deferred income		7 816	7 026	8 559	+790	+11%
Current tax liabilities		2 654	2 311	2 854	+343	+15%
Deferred tax liabilities	3.6	5 775	6 282	6 176	−507	−8%
Provisions	4.7	334	2 144	5 965	−1 810	−84%
Other liabilities		605	800	1 721	−195	−24%
Total liabilities		**256 237**	**325 976**	**264 886**	**−69 739**	**−21%**
Share capital	4.8	1 047	1 047	1 050	+0	+0%
Capital reserves		27 250	27 250	27 250	–	–
Unrealized gains and losses recognized in other comprehensive income		20 556	19 257	15 170	+1 299	+7%
Currency translation adjustments		−496	−507	−472	+11	−2%
Retained earnings		101 456	115 074	147 265	−13 618	−12%
Treasury shares	4.9	−362	−2 172	−2 369	+1 810	−83%
Total shareholders' equity		**149 451**	**159 949**	**187 894**	**−10 498**	**−7%**
Total liabilities and shareholders' equity		**405 688**	**485 925**	**452 780**	**−80 237**	**−17%**

The accompanying notes (see page 42 ff.) are an integral part of the consolidated financial statements.

Statement of shareholders' equity

CHF 1 000	2013	2012 restated
Share capital		
On January 1	1 047	1 050
Share capital reduction	–	–3
On December 31	**1 047**	**1 047**
Capital reserves		
On January 1	27 250	27 250
Change during period under review	–	–
On December 31	**27 250**	**27 250**
Unrealized gains and losses recognized in other comprehensive income		
On January 1	19 257	15 170
Change in unrealized gains and losses on financial instruments	–574	2 296
Gains and losses transferred to the income statement	–	–
Remeasurements of post employment benefit obligations IAS 19	1 873	1 791
On December 31	**20 556**	**19 257**
Currency translation adjustments		
On January 1	–507	–472
Change during period under review	11	–35
On December 31	**–496**	**–507**
Retained earnings		
On January 1	115 074	147 265
Group net profit	6 484	6 205
Dividends and other cash distributions	–20 940	–34 585
Income from the sale of own shares and derivatives	461	–127
Share capital reduction	–	–1 194
Employee stock ownership plan	377	–2 490
On December 31	**101 456**	**115 074**
Treasury shares		
On January 1	–2 172	–2 369
Purchases	–1 664	–8 465
Disposals	3 474	7 465
Share capital reduction	–	1 197
On December 31	**–362**	**–2 172**
Total		
On January 1	**159 949**	**187 894**
On December 31	**149 451**	**159 949**

The accompanying notes (see page 42 ff.) are an integral part of the consolidated financial statements.

Consolidated cash flow statement

CHF 1 000	Note	1.1.–31.12.2013	1.1.–31.12.2012 restated	1.1.–31.12.2012 Restatement	1.1.–31.12.2012
Cash flow from operating activities					
Group profit		6 484	6 205	–323 [2]	6 528
Reconciliation to net cash flow from operating activities					
Non-cash positions in Group results:					
Depreciation of fixed assets	3.4	410	510		510
Amortisation of intangible assets	3.4	2 285	2 285		2 285
Change in provisions	4.7	502	–1 439	405 [2]	–1 844
Tax expense / benefit		986	520		520
Deferred tax expense / benefit		–438	804	–82 [2]	886
Change in fair value of financial assets and other financial assets at fair value		–1 889	–93		–93
Other non-cash items		838	–2 614		–2 614
Net increase / decrease in operating assets					
Due from banks	4.1	8 079	31 576		31 576
Due from clients	4.1	–8 547	1 173		1 173
Trading positions and replacement values net	4.2	–6 144	4 645		4 645
Accrued income, prepaid expenses and other assets		574	1 503		1 503
Net increase / decrease in liabilities					
Due to banks		–12 917	2 771		2 771
Due to customers		–64 234	63 719		63 719
Accrued expenses, deferred income and other liabilities		595	–2 454		–2 454
Provisions		–	–33		–33
Taxes paid		–2 094	–3 268		–3 268
Cash flow from operating activities		**–75 510**	**105 810**	**–**	**105 810**
Cash flow from investing activities					
Purchase of property and equipment	4.5	–	–3		–3
Purchase of associated companies		–445	–46		–46
Divestments of financial assets at amortized cost		14 100	16 000	16 000 [1]	–
Investment in other financial assets at fair value		–3 768	–1 986		–1 986
Divestment of other financial assets at fair value		10 533	40 028		40 028
Net cash flow from investing activities		**20 420**	**53 993**	**16 000**	**37 993**
Cash flow from financing activities					
Dividends paid		–20 940	–34 585		–34 585
Net movements in treasury shares and derivatives on own shares		1 810	–1 003		–1 003
Net cash flow from investing activities		**–19 130**	**–35 588**	**–**	**–35 588**
Currency translation effects		11	–35		–35
Net increase / decrease in cash and cash equivalents		**–74 209**	**124 180**	**16 000**	**108 180**
Cash at the beginning of the year		**246 912**	**122 732**	**–25 996 [1]**	**148 728**
Cash at the end of the year		**172 703**	**246 912**	**–9 996 [1]**	**256 908**

[1] Adjustment of fund “cash and cash equivalents”: In the year under review only cash, without immediately available repo-eligible securities, will be recognized.
[2] Restatement IAS 19

Further information			
Cash received as interest		237	946
Cash paid as interest		9	72
Cash received as dividends on equities		3 534	1 111

The accompanying notes (see page 42 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, Küsnacht, have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the listing regulations of the Swiss Stock Exchange. Bellevue Group, as a banking group, is subject to consolidated supervision by the Financial Market Supervisory Authority.

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

1.2 Changes in accounting principles and presentation

1.2.1 Implemented standards and interpretations

The following new or revised standards and interpretations were applied for the first time in fiscal year 2013:

- IAS 19 (revised) "Employee benefits", (effective for annual periods beginning on or after 1 January 2013, retrospective application, earlier application permitted); According to IAS 19R, the annual costs for defined benefit plans comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and DBO. Actuarial gains and losses (renamed to "remeasurements") will be recognised immediately in other comprehensive income. The corridor approach or recognition immediately in profit or loss will no longer be permissible.
- Amendments to IAS 1 "Presentation of items of other comprehensive income", (effective for annual periods beginning on or after 1 July 2012, retrospective application, earlier application permitted); The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.

Bellevue Group has analysed the impact of the above-mentioned standards and interpretations. Please refer to sections 1.5 (page 50) and 7.2 (page 75) with regard to the resulting effects. to the impact.

- IFRS 7 (amendment) "Disclosures – offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013, retrospective application); The amendment will require more extensive disclosures. The disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as financial instruments that are subject to master netting or similiar arrangements irrespective of whether they are offset.
- IFRS 10, "Consolidated financial statements", (effective for annual periods beginning on or after 1 January 2013, retrospective application, earlier application permitted if together with IFRS 11, IFRS 12, IAS 27R and IAS 28R); IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IAS 27 is renamed and continues to be a standard dealing solely with separate financial statements.
- IFRS 11, "Joint arrangements", (effective for annual periods beginning on or after 1 January 2013, earlier application permitted if together with IFRS 10, IFRS 12, IAS 27R and IAS 28R);The definition of joint control is unchanged, but the new standard introduces new terminology – joint arrangements is now the umbrella term used to describe all of the arrangements, and there exist only two types i.e. joint operations and joint ventures.
- IFRS 12, "Disclosure of interests in other entities", (effective for annual periods beginning on or after 1 January 2013, earlier application permitted); IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28 "Investments in associates".
- IFRS 13, "Fair value measurement", (effective prospective for annual periods beginning on or after 1 January 2013, earlier application permitted); IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements.
- IAS 27 (revised) "Separate financial statements", (effective for annual periods beginning on or after 1 January 2013, earlier application permitted if together with IFRS 10, IFRS 11, IFRS 12 and IAS 28R); The revised standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 (revised) "Investments in associates and joint ventures", (effective for annual periods beginning on or after 1 January 2013, earlier application permitted if together with IFRS 10, IFRS 11, IFRS 12 and IAS 27R); The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

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

1.2.2 Standards and interpretations that have not yet been implemented

The following new and amended standards and interpretations have to be applied for the financial year commencing after July 1, 2013, or later. Bellevue Group is not availing itself of the possibility of early application of these innovations:

- Amendments to IFRS 9 “Financial instruments” (effective 1 January 2015, retrospective application, early application permitted) The amendment includes guidance on financial liabilities and derecognition of financial instruments.
- Amendments to IFRS 9 “Financial instruments” (no effective date, available for application, restrospective application); The amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss. Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in OCI.
- Amendments to IFRS 9 “Financial instruments – Hedge Accounting (no effective date, available for application, prospective application); The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. Under IAS 39 today, the hedge must both be expected to be highly effective (prospective test) and have been highly effective (retrospective test) with “highly effective” defined as a “bright line” quantitative test of 80–125%. The amendment replaces this with a requirement for the hedge to be designated, documented and in line with the entity’s risk management objective. However, effectiveness of the hedging item must still be measured and arising ineffectiveness must be booked trough profit or loss. The risk components can now be designated for non-financial hedged items provided the risk component is separately identifiable and measurable. In addition, the amendment makes the hedging of groups of items more flexible. It also relaxes the rules on using purchased options and non-derivative financial instruments as hedging instruments. The Board decided to retain in IFRS 9 the current fair value hedge accounting mechanisms from IAS 39. Companies may choose to continue hedge accounting under IAS 39 or change to the provisions of IFRS 9. Additionally, the amendment allows to account for the own credit risk on financial liabilities through other comprehensive income. This accounting treatment can be adopted in isolation without adopting any other part of IFRS 9.
- Amendments to IFRS 10, 12 and IAS 27 – “Investment entities” (effective for annual periods beginning on or after 1 January 2014, restrospective application, earlier adoption permitted); The amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity as defined in the amendment. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments. The exception is not available on consolidation level unless the parent company also meets the definition of an investment entity.
- 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.
- IAS 32 (amendment) “Offsetting financial assets and financial liabilities”, (effective for annual periods beginning on or after 1 January 2014, retrospective application, earlier adoption permitted); The amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and liabilities. Offsetting on the face of the balance sheet is only required, when the entity has a legally enforceable right to set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. Clarification, that the right to set-off must be available today (and not contingent on a future event). Further, the right to set-off must be legally enforceable in the normal course of business, as well as in the event of default, insolvency or bankruptcy.
- Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” (effective 1 January 2014, retrospective application, earlier adoption permitted); This limited scope amendment corrects an amendment to IAS 36 when IFRS 13 was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment. The IASB has subsequently amended IAS 36 as follows:
  - No requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible if there was no impairment.
  - Disclosure of the recoverable amount when an impairment loss has been recognized or reversed.
  - Detailed disclosure of how fair value less costs of disposal has been measured when impairment loss is recognized or reversed.

- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (effective 1 January 2014, retrospective application, earlier adoption permitted); These narrow-scope amendments to IAS 39, "Financial instruments: Recognition and measurement", will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9, "Financial instruments".
- IFRIC 21 "Levies", effective 1 January 2014, retrospective application, earlier adoption permitted; This IFRIC focuses on accounting for an obligation to pay a levy that is not income tax. In scope are liabilities to pay a levy recognized in accordance with IAS 37 "Provisions" and liabilities to pay a levy whose timing and amount is certain. The obligating event to recognize a liability is the event identified by the legislation that triggers the obligation to pay a levy. The liability might be recognized at a point in time or progressively over time. An obligation to pay a levy that is triggered by a minimum threshold is not recognised before the threshold is met, even if it is certain it will be met . The same recognition principles apply in interim and annual financial statements.

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.

1.4.2 General principles

Foreign currency translation

The items contained in the financial accounts of each Group company are valued in the currency which is used in the primary business 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 eqivalents 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 thime 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 criterias have been met. This type of income may be generated, for example, in the corporate finance business. Interest income is accrued as earned. Dividends are recognized when payment is received.

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

Determination of fair value
After first recording, the fair value of financial instruments is ascertained from listed market prices or dealers' price listings, 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 that can be observed on the market. For a residue of financial instruments, there are no available market listings or valuation models or methods based on market prices. For such instruments, in-house valuation methods or models are used (Level 3). In such cases, the fairness of the valuation is assured by clearly defined methods and processes and by independent checks.

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

Financial investments at amortized costs
Investments in financial assets are classified at "amortized costs" if the following criteria are met: the objective of the Group is to hold the assets to collect contractual cash flows and the contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal outstanding.

A financial asset or a group of financial assets is impaired if the amount contractually due is unlikely to be collected. The reason for such an impairment may be based on counterparties or specific countries. If impairment has occurred, the book value is reduced to the collectable amount, and reflected in net income accordingly.

Interest is accrued in the period incurred using the effective interest method and shown together with dividend income in the item "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 first entry.

Investments at fair value with fair value changes recognized in other comprehensive income
Investments in equity instruments are shown 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.

Lendings
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 “securites 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 stated 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 reported in the income statement.

No hedge accounting was applied as per 31 December 2013.

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

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

Stock ownership plans
Employees of Bellevue Group who receive a bonus may under certain circumstances have the right or the obligation to use a part of their bonus received in cash to purchase shares in Bellevue Group AG to a discounted value. These shares areare subject to a holding period. The estimated costs incurred for Bellevue Group is charged as personnel expenses on a pro rata temporis basis and changes are recorded under retained earnings.

If an employee leaves Bellevue Group before the end of the holding period, the Group has the right, but not the obligation, to repurchase the shares at the original cost.

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 if Bellevue Group is likely to derive future economic benefits from them and the costs can be both identified and reliably determined. Property and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

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

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

Goodwill and other intangible assets
Goodwill corresponds to the difference between the purchase price paid for an enterprise acquired by Bellevue Group and its interest in the fair value of the identifiable assets, liabilities and contingent assets and liabilities of this enterprise at the time of acquisition. Goodwill is capitalized and tested for impairment at least on an annual basis, or if events or changed circumstances indicate possible 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 depreciated on a straight-line basis over their useful life of not more than 3 years (software), 10 to 15 years (client relationships) or 5 years (brands). Other intangible assets are reviewed for impairment if events or circumstances indicate that the carrying amount may be impaired. 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
Current income taxes are calculated on the basis of the applicable tax laws of the individual countries 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 carryforwards 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.

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 "value adjustments and provisions" except for changes in actuarial pension provisions, which are recognized under "other comprehensive income".

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

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

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

Pension cost is composed of three components:
– Service cost, which is recorded as personnel expenses in the income statement
– Net interest expenses, which are recorded as interest expense in the income statement
– Revaluation components, which are recognised in the statement of comprehensive income

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

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

Revaluation components include actuarial gains and losses from changes in the net present value of the pension obligations and the pension assets. Actuarial gains and losses are calculated on the basis of changes in assumptions and experience adjustments. Gains and losses on assets are the result of income on assets less the amounts contained in net interest expenses. The revaluation component also includes changes in unrecognised assets less effects included in net interest expenses. Revaluation components are recorded in the statement of 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.

In 2014, the Group will review the effects of the addendum to IAS 19R and decide on its implementation.

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 08/2). Assets under management comprise all assets of private, corporate and institutional clients, excluding borrowings, managed or held for investment purposes, as well as assets in self-managed collective investment instruments of Bellevue Group. This basically includes all liabilities with respect to customers, fixed-term and fiduciary deposits, and all valued assets. Assets deposited with third parties are included if they are managed by a group company.

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

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

1.4 Estimates, assumptions and the exercising of discretion by management

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

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

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

Determining the fair value of financial instruments
If financial instruments are not traded on at active market, their value is determined by using generally accepted valuation models. Even though the input parameters for these financial instruments can be determined from market observations, the valuation model will always provide an estimate or an approximation of a value.

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

Review of goodwil 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 59.

1.5 Restatement due to IAS 19

CHF 1 000			31.12.2012			1.1.2012
	Before accounting changes	Accounting changes	After accounting changes	Before accounting changes	Accounting changes	After accounting changes
Assets						
Deferred tax assets	111	+296	407	891	+772	1 663
Total assets		**+296**			**+772**	
Liabilities						
Provisions	583	+1 561	2 144	2 460	+3 505	5 965
Total liabilities		**+1 561**			**+3 505**	
Unrealized gains and losses recognized in other comprehensive income	17 466	+1 791	19 257	15 170	+0	15 170
Retained earnings	118 130	−3 056	115 074	149 998	−2 733	147 265
Total shareholder's equity		**−1 265**			**−2 733**	
Total liabilities and shareholders' equity		**+296**			**+772**	

CHF 1 000			1.1.–31.12.2012
	Before accounting changes	Accounting changes	After accounting changes
Interest expense	**−72**	**−70**	**−142**
Net interest income		**−70**	
Personnel expenses	−23 362	−269	−23 631
Other operating expenses	−13 967	−66	−14 033
Total operating expenses		**−335**	
Total profit before tax		**−405**	
Taxes	−746	+82	−664
Total group net profit		**−323**	

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 honor is contractual obligations. In the case of Bellevue Group, credit risk comprises:

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

Credit lending activities are very limited in scope and credit is granted generally on a collateralized basis (marketable securities). Credit risks are limited by means of approval procedures commensurate with the various management levels as well as by authorization limits, the enforcement of appropriate lending margins and the periodic reevaluation 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 assumend 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. 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 56 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 3.3 million (previous year: CHF 1.1 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 687 (previous year: +/– TCHF 65). Securities trading is conducted primarily through SIX / Virt-X.

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 65. The net positions are given below:

CHF 1 000	CHF	EUR	USD	Other
Net position on 31.12.2013		**3 294**	**9 491**	**466**
10% change in fair value	**+/–1 325**			
Net position on 31.12.2012		7 190	5 762	537
10% change in fair value	+/–1 349			

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

Financial investments
The composition of the financial investments is defined and monitored by the respective Executive Boards or by the Group Executive Board. A 10% change in market value, in relation to the end-of-year figure, would result i a change of equity of TCHF 2 159 (previous year: TCHF 2 241) for the financial investment calculated at fair value. Thereof, TCHF 100 (previous year: TCHF 112) would be P&L-effective. The fair value is calculated using the intrinsic value method.

For the period under review a negative change in value in the amount of TCHF 574 (net of tax) was recognized in the "other comprehensive income" (previous year: positive change in value in the amount of TCHF 2 296, net of tax).

Balance sheet structure
Interest rate and foreign exchange risks arise in balance sheet management through differing interest and currency risks of positions carried in and off the balance sheet. The interest and currency risks of Bellevue Group are low assumed to the following reasons:
- Bellevue Group is not active in the traditional lending and deposit business.
- Long-term loans at fixed rates are granted only in exceptional cases.
- Bellevue Group does not perform any proprietary trading in the area of foreign exchange.
- Foreign-currency loans with a fixed term are usually refinanced with matching maturities.

The interest rate risks are measured and monitored using various methods (sensitivity of equity capital, interest rate gap analysis, etc.). Assuming a parralel change in interest rates of 1% ath the Group level, the impact on the fair value of equity as at the respective dates in 2011 was consistently 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 ist operating units being unable to refinance ist current or anticipated obligations on an ongoing basis at acceptable conditions. Liquidity risks refer to the risk of Bellevue Group or one of ist operating units being unable to fullfill its payment obligations when due. Whereas financing risks relate to the ability to finance business operations at all times, liquidity risks primarily concern the ability to ensure sufficient liquidity an any point in time.

Bellevue Group manages ist 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 67.

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 organziational structures and controls. The corresponding internal procedures, processes and systems are continually analyzed 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 payout 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 81 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	31.12.2013	31.12.2012
Eligible capital [1]	**69 851**	**71 437**
Required capital		
Credit risk	8 797	8 990
Non-counterparty related risks	168	373
Market risk	1 888	1 636
Operational risk [2]	6 363	6 840
Total required capital according to Swiss regulations (FINMA)	**17 216**	**17 839**

[1] after dividend payment
[2] using the Basic Indicator Approach

Ratios		
CET1 capital ratio	32.5%	32.7%
Ratio of eligible / required capital (FINMA minimal requirement 150%)	405.7%	400.5%

3 Details on the consolidated income statement

3.1 Net fee and commission income

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated
Brokerage and Corporate Finance	15 012	14 452
Asset Management – management fees	20 932	21 833
Asset Management – performance fees	167	28
Other commission income	1 456	1 530
Fee and commission expense	–137	–144
Net fee and commission income	**37 430**	**37 699**

3.2 Personnel expenses

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated
Salaries and bonuses	19 935	19 010
Pension cost [1)]	2 094	2 322
Other social benefits	1 620	1 554
Other personnel expenses	637	745
Total Personnel expenses	**24 286**	**23 631**

1) for further details see note 7.2 (page 75)

3.3 Other operating expenses

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated
Premises	1 790	2 123
IT, telecommunications and other equipment	3 736	4 206
Travel and representation, PR, advertising	2 887	2 974
Consulting and audit fees	979	2 124
Other operating expenses	2 172	2 606
Total Other operating expenses	**11 564**	**14 033**

3.4 Depreciation

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012
Depreciation of property and equipment	412	510
Depreciation of intangible fixed assets	2 285	2 285
Total Depreciation	**2 697**	**2 795**

3.5 Valuation adjustments and provisions

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated
Release/additions of other provisions	200	–1 867
Total Valuation adjustments and provisions	**200**	**–1 867**

3.6 Taxes

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated
Current income taxes	984	364
Deferred income taxes	–438	300
Total Taxes	**546**	**664**
Pre-tax result	7 030	6 869
Expected rate of income tax	19%	19%
Expected income tax	1 336	1 300
Reasons for higher/lower admounts:		
Difference between applicable local tax rates and assumed	–480	–979 [1]
Swiss tax rate	298	541
Non-deductible expenses	–608	–198 [1]
Total income taxes	**546**	**664**

[1] The item “Participation exemption on dividend income” is now recognised separately. The figures of the previous year have been adjusted accordingly.

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012 restated
Expense related to share-based compensation	65	14
Intangible assets	1 890	2 322
Actuarial BVG provisions	–	–
Unrealised profits on financial instruments	3 708	3 834
Other provisions	112	112
Total deferred tax liabilities [1]	**5 775**	**6 282**
Actuarial BVG provisions	25	407
Tax loss carry-forward	–	–
Total deferred tax assets [1]	**25**	**407**

[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.–31.12.2013	1.1.–31.12.2012 restated
Group net profit	6 484	6 205
Weighted average number of issued registered shares	10 470 000	10 484 917
Less weighted average number of treasury shares	–74 815	–218 530
Weighted average number of shares outstanding (undiluted)	10 395 185	10 266 387
Dilution effect	–	–
Weighted average number of shares outstanding (diluted)	10 395 185	10 266 387
Undiluted earnings per share (in CHF)	**0.62**	**0.60**
Diluted earnings per share (in CHF)	**0.62**	**0.60**

4 Details on the consolidated balance sheet

4.1 Due from banks and clients

CHF 1 000	31.12.2013	31.12.2012
Due from banks	79 174	87 253
of wich from securities transaction processing	4 401	9 839
Total	**79 174**	**87 253**
Due from banks, by type of collateral		
Unsecured	79 174	87 253
Total	**79 174**	**87 253**
Due from customers	20 874	12 327
of wich private customers	10 587	3 202
of wich corporate customers	10 287	9 125
Total	**20 874**	**12 327**
Due from customers, by type of collateral		
Other collateral [1]	20 850	12 273
Unsecured	24	54
Total	**20 874**	**12 327**

[1] Securities only

4.2 Financial instruments at fair value through profit and loss

CHF 1 000	31.12.2013	31.12.2012
Trading portfolio assets		
Equity instruments		
Listed	6 857	653
Unlisted	–	–
Total	**6 857**	**653**
Total trading portfolio assets	**6 857**	**653**
of which repo-eligible	–	–
of which lent or delivered as collateral	–	–
Trading portfolio liabilities		
Equity instruments	4 458	–
Total	**4 458**	**–**

CHF 1 000	Positive replacement value	Negative replacement value	Contract volumen
Open derivative instruments			
Foreign currency as at 31.12.2013			
Forward contracts (OTC) [2]	59	3	12 350
of which hedge purpose [3]	59	3	12 350
Equity investments as at 31.12.2013			
Futures [1]	–	–	3 641
of which hedge purpose [3]	–	–	3 641
Options (OTC) [2]	7 202	7 202	138 780
of which hedge purpose [3]	–	–	–
Options (exchange traded) [1]	16	–	984
of which hedge purpose [3]	–	–	–
Foreign currency as at 31.12.2012			
Forward contracts (OTC) [2]	–	14	10 692
of which hedge purpose [3]	–	14	10 692
Equity investments as at 31.12.2012			
Futures [1]	–	–	6 791
of which hedge purpose [3]	–	–	2 559
Options (OTC) [2]	2 858	2 858	84 177
of which hedge purpose [3]	–	–	–
Options (exchange traded) [1]	146	–	3 189
of which hedge purpose [3]	146	–	3 189

[1] Level 1: listed on an active market
[2] Level 2: valuated on the basis of models with observable input factors
[3] Whereas no hedge accounting as defined under IFRS is applied

CHF 1 000	31.12.2013	31.12.2012
Other financial assets at fair value through profit and loss		
Investment funds subject to luxembourg law	18 863	18 491
Other investment funds	8 716	9 390
Total other financial assets at fair value through profit and loss	**27 579**	**27 881**

4.3 Financial investments

CHF 1 000	31.12.2013	31.12.2012
Valued at amortized cost		
Debt instruments	1 900	15 995
of which listed	1 900	15 995
Total	**1 900**	**15 995**
Valued at fair value		
Debt instruments	998	1 119
of which unlisted	998	1 119
Equity instruments [1]	20 600	21 300
of which unlisted	20 600	21 300
Total	**21 598**	**22 419**
Total financial investments	**23 498**	**38 414**
of which repo-eligible securities	–	9 996

[1] Change in value is recorded under other comprehensive income

IIn the year under review, financial investments amounting to CHF 0.7 million (previous year: CHF 2.8 million) were revalued without affecting net income. This took account of CHF 0.13 million (previous year: CHF 0.5 milion) of deferred taxes.

4.4 Associated companies

CHF 1 000	31.12.2013	31.12.2012
Balance at the beginning of the year	47	1
Increases	445	46
Total as at the balance sheet date	**492**	**47**

Subsidiary consolidated using the equity method

	Domicile	Activity	Activity	Share capital/ Nominal capital 1 000	Interest held in % 31.12.2013	Interest held in % 31.12.2012
Auerbach Grayson and Company, LLC.	New York	Brokerage	USD	10'200	7.2	8.7

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

4.5 Property and equipment

CHF 1 000	Furniture and fittings	IT equipment	Total
Acquisition cost			
Balance as of 1.1.2012	5 666	844	6 510
Additions	–	–	–
Disposals	−421	–	−421
Balance as of 31.12.2012	5 245	844	6 089
Additions	–	–	–
Disposals	−161	–	−161
Balance as of 31.12.2013	**5 084**	**844**	**5 928**
Accumulated depreciation			
Balance as of 1.1.2012	−4 754	−503	−5 257
Additions	−292	−218	−510
Disposals	424	–	424
Balance as of 31.12.2012	−4 622	−721	−5 343
Additions	−287	−123	−410
Disposals	161	–	161
Balance as of 31.12.2013	**−4 748**	**−844**	**−5 592**
Net carring values 31.12.2012	623	123	746
Net carring values 31.12.2013	**336**	**–**	**336**
Additional information on property and equipment			
Fire insurance value of property and equipment as of 31.12.2012	4 500	4 000	8 500
Fire insurance value of property and equipment as of 31.12.2013	4 500	4 000	8 500

4.6 Goodwill and other intangible assets

CHF 1 000	Bank am Bellevue	Asset Management	Total
Goodwill			
Acquisition cost			
Balance as of 1.1.2012	97 374	62 915	160 289
Balance as of 31.12.2012	97 374	62 915	160 289
Balance as of 31.12.2013	**97 374**	**62 915**	**160 289**
Accumulated valuation adjustments			
Balance as of 1.1.2012	–65 374	–50 915	–116 289
Balance as of 31.12.2012	–65 374	–50 915	–116 289
Balance as of 31.12.2013	**–65 374**	**–50 915**	**–116 289**
Net carrying values			
Balance as of 1.1.2012	32 000	12 000	44 000
Balance as of 31.12.2012	32 000	12 000	44 000
Balance as of 31.12.2013	**32 000**	**12 000**	**44 000**

The reported goodwill for the two segments “Bank am Bellevue” and “Asset Management” stems from the acquisition of the Bank am Bellevue AG and Bellevue Asset Management by Bellevue Group AG (then: swissfirst AG) in 2005.

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

Impairment tests were conducted again at the end of 2013. The discount rate used in these calculations was 8.8% (previous year: 7.7%) and the assumed growth rate was 1% (previous year: 1%). No further impairment losses were identified. Even at constant discount

The following key parameters and their single components have been taken into account:
– income on the average assets under management and the expected return on assets (management- and performance fees)
– brokerage fees based on the expected average turnover
– other operating income and expenses

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

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

Chagnes inkey 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 1.1.2012	78 617	1 179	3 237	83 033
Balance as of 31.12.2012	78 617	1 179	3 237	83 033
Balance as of 31.12.2013	**78 617**	**1 179**	**3 237**	**83 033**
Accumulated valuation adjustments				
Balance as of 1.1.2012	−64 049	−1 179	−3 237	−68 465
Additions	−2 285	–	–	−2 285
Balance as of 31.12.2012	**−66 334**	**−1 179**	**−3 237**	**−70 750**
Additions	−2 285	–	–	−2 285
Balance as of 31.12.2013	**−68 619**	**−1 179**	**−3 237**	**−73 035**
Net carrying values				
Balance as of 1.1.2012	14 568	–	–	14 568
Balance as of 31.12.2012	12 283	–	–	12 283
Balance as of 31.12.2013	**9 998**	**–**	**–**	**9 998**

The intangible assets for "Brand" and "Client base" stem from the acquisition of the Bank am Bellevue and Bellevue Asset Managment 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 impairement in the procedure described above under "Goodwill".

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

2014	2 285
2015	2 013
2016	1 200
2017	1 200
2018	1 200
2019	1 200
2020	900
Total	**9 998**

4.7 Provisions

CHF 1 000	Actuarial BVG provisions	Other	Übrige	2013 Total	2012 Total restated
Balance at the beginning of the year	1.5	2 144	–	2 144	5 965
Utilization in conformity with intended purpose		–	–	–	−33
New charge to profit and loss account		–	200	200	–
Write-backs credited to profit and loss account		–	–	–	−1 867
Remeasurements of post employment benefit obligations IAS 19		−2 010		−2 010	−1 921
Total as at the balance sheet date		**134**	**200**	**334**	**2 144**

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 impendding proceedings if the competent sections think that payments or losses on the part of the Group companies are likelier to occur than not, and if their amount can be reliably estimated.

4.8 Share capital / Conditional capital / Authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2011	10 500 000	1 050
Balance as of 31.12.2011	10 500 000	1 050
Balance as of 31.12.2012	10 470 000	1 047
Balance as of 31.12.2013	**10 470 000**	**1 047**

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to reduce Bellevue Group AG's share capital from CHF 1 050 000 to CHF 1 047 000. The reduction in share capital was duly registered in the Commercial Register on June 29, 2012.

Conditional capital		
Balance as of 1.1.2011	1 000 000	100
Balance as of 31.12.2011	1 000 000	100
Balance as of 31.12.2012	2 000 000	200
Balance as of 31.12.2013	**1 000 000**	**100**

The intended purpose of the conditional capital created at the general meeting of shareholders on December 15, 2006 had been 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.

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to create additional conditional capital. The intended purposa (in total) is as follows:
– a sum of up to CHF 100 000 through the exercise of option rights granted to shareholders;
– a sum of up to CHF 100 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

The ordinary general meeting on March 18, 2013 voted in favor of the proposal to reduce the conditional capital again. 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 1.1.2011	–	–
Balance as of 31.12.2011	–	–
Balance as of 31.12.2012	–	–
Balance as of 31.12.2013	**1 500 000**	**150**

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

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

4.9 Treasury shares

	Number	CHF 1 000
Own shares in the trading portfolio of Bank am Bellevue		
Balance as of 1.1.2012	5 400	71
Purchases	497 978	5 103
Disposals	−263 561	−2 831
Balance as of 30.6.2012	239 817	2 343
Purchases	112 728	1 050
Disposals	−126 045	−1 221
Balance as of 31.12.2012	**226 500**	**2 172**
Purchases	119 833	1 162
Disposals	−311 433	−2 974
Balance as of 30.6.2013	34 900	360
Purchases	41 555	502
Disposals	−46 455	−500
Balance as of 31.12.2013	**30 000**	**362**
Treasury shares held by Bellevue Group AG		
Balance as of 1.1.2012	113 968	2 298
Purchases	236 670	2 312
Disposals	−320 638	−3 413
Share capital reduction	−30 000	−1 197
Balance as of 30.6.2012	–	–
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2012	**–**	**–**
Purchases	–	–
Disposals	–	–
Balance as of 30.6.2013	–	–
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2013	**–**	**–**

In connection with the share buyback program, Bellevue Group AG acquired the following shares through a second line of trading:
- In the first half of 2008, 25 000 shares at an average price of CHF 40.50
- In the first half of 2009, 5 000 shares at an average price of CHF 36.92

The ordinary general meeting of 19 March 2012 resolved to reduce the share capital of Bellevue Group AG from the previous CHF 1 050 000 to the new level of CHF 1 047 000. The entry was made in the Commercial Registry on 29 June 2012.

Bellevue Group AG acquired the shares shown below through ist first line of trading:
- 236 670 shares at an average price of CHF 9.77 in the first half of the year 2012

4.10 Assets pledged or assigned as collateral for own liabilities

CHF 1 000		31.12.2013		31.12.2012
	Carrying amount	Actual liability	Carrying amount	Actual liability
Due from banks	51 792	–	49 315	–
Financial assets	1 900	–	11 896	–
Other assets	–	–	–	–
Total	**53 692**	–	**61 211**	–

5 Transactions with related parties

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

CHF	Full-year base salary	Full-year variable compensation	Share-based compensation	Social benefits	Total
Compensation paid to members of the Board of Directors					
Walter Knabenhans, Chairman	180 000	–	22 463	12 877	215 340
Thomas von Planta, Member	120 000	–	22 463	9 467	151 930
Daniel Sigg, Member	133 850	–	22 463	–	156 313
Total 1.1.–31.12.2013	**433 850**	**–**	**67 389**	**22 344**	**523 583**
Walter Knabenhans, Chairman	170 000	–	11 750	11 631	193 381
Thomas von Planta, Member	110 000	–	11 750	8 059	129 809
Daniel Sigg, Member	124 330	–	11 750	–	136 080
Total 1.1.–31.12.2012	**404 330**	**–**	**35 250**	**19 690**	**459 270**

No compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors in 2012 or 2011.

CHF	Full-year base salary	Full-year variable compensation	Share-based compensation	Social benefits	Total
Compensation paid to members of the Exexutive Board					
Total 1.1.–31.12.2013	**1 135 000**	**300 000**	**868 675**	**351 453**	**2 655 128**
of which highest total compensation paid to: Urs Baumann, CEO Bellevue Group AG [2]	300 000	–	618 675	105 846	1 024 521
Total 1.1.–31.12.2012	**1 067 650**	**428 834** [1]	**470 894**	**379 122**	**2 346 500**
of which highest total compensation paid to: Urs Baumann, CEO Bellevue Group AG [2]	252 390	–	360 894	129 200	742 484

[1] thereof CHF 177 500 from bonus 2010 (vesting)
[2] Joined as of 1 March 2012

No compensation was paid to parties related to members of the Group Executive Board in 2013 or 2012.

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

Number	31.12.2013 Shares	31.12.2013 Call options [1]	31.12.2012 Shares	31.12.2012 Call options [1]
Share- and option-holdings of members of the Board of Directors				
Walter Knabenhans, Chairman	166 595	–	184 500	–
Thomas von Planta, Member	10 095	–	8 000	–
Daniel Sigg, Member	14 595	–	12 500	–
Share- and option-holdings of members of the Group Executive Board				
Urs Baumann, CEO	528 062	310 000 [2]	528 062	310 000 [2]
Daniel Koller, CFO	16 523	–	12 332	20 000
Serge Monnerat, CEO Bank am Bellevue	58 237	–	70 902	–
Hans-Peter Diener, CEO Bellevue Asset Management AG	39 562	–	60 062	–

[1] Number of shares in case of exercise, having regard to subscription ratio
[2] Exercisable as of 31.12.2013 (America style), term until 31.5.2018

5.3 Transactions with related companies and persons

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

CHF 1 000	Key management personnel 1)	Major shareholders 2)	Associated companies	Other related companies and persons 3)	Total
2013					
Due from customers	–	–	–	–	–
Due to customers	5 094	22 643	–	–	27 737
Interest income	1	3	–	–	4
Interest expense	–	–	–	–	–
Fee and commission income	22	501	163	–	686
2012					
Due from customers	153	–	–	–	153
Due to customers	5 378	42 353	–	101	47 832
Interest income	2	10	–	–	12
Interest expense	–	–	–	–	–
Fee and commission income	9	238	147	–	394

1) Key management personnel: Board of Directors and Group Executive Board (excluding major shareholders)
2) Major shareholders: see Corporate Governance, section Group structure and shareholders, page 26
3) Other closely related companies and persons: This includes all other natural persons and legal entities that have close personal, economic, legal or de facto ties with members of the Board of Directors or the Group Executive Board.

Loans to related parties are generally Lombard loans secured by pledged assets (securities portfolios).

The following conditions appied:
– Interest rate charged for secured loans: 2.00% (previous year: 2.00%), interest rate earned 0.00% (previous year: 0.00%)
– Commission rates: 0.205% (previous year: 0.205%)

5.4 Employee share purchase plan

Under certain circumstances employees are entitled or obligated to use a specified percentage of their cash bonus to purchase discounted shares of Bellevue Group AG. These shares are subject to a holding period of generally four years. The shares purchased by employees are taken either from the holdings of Bellevue Group or are purchased on the stock market specifically for this purpose. The market price is calculated as the volume-weighted average price of the preceding ten trading sessions. The difference between this market price and the employee discount price is recorded as compensation expense under personnel expenses over the period of employee service (corresponding to the holding period).

Number	Employees		Members of the Board of Directors and Group Executive Board	
	2013	**2012**	**2013**	**2012**
Holdings of restricted shares on January 1	171 430	211 703	373 218	38 102
Shares purchased with holding period 1)	–	–	–	310 062 2)
Shares purchased with holding period	–	148 944	17 811	20 756
Shares for which the holding period has lapsed	–40 092	–130 058	–40 900	–1 500
Shares of employees/members who have left the Group and transfers (reduction)	–14 190	–59 159	–	5 798
Holdings of restricted shares on December 31	117 148	171 430	350 129	373 218

1) The shares were bought from the company at the going market value and allocated as elements of salary.
2) Of these shares, 307 062 were allocated to the Group CEO in May 2012 as part of a blocked share programme. The shares are subject to lock-up until May 2017. There is an obligation to repay pro rata in the event of premature dissolution of contract.

CHF 1 000	Employees		Members of the Board of Directors and Group Executive Board	
	1.1.–31.12.2013	**1.1.–31.12.2012**	**1.1.–31.12.2013**	**1.1.–31.12.2012**
Expenses recognized under Personnel expenses for shares purchased at a discount	41	328	674	413
Expenditure on acquisition of discounted shares debited against bonus accrual for previous year	–	1 452	174	202
Market value of restricted shares on December 31	1 581	1 577	4 727	3 434

6 Risk related to balance sheet positions

6.1 Balance sheet by currency

CHF 1 000	CHF	EUR	USD	Other	Total
31.12.2013					
Cash	172 703	–	–	–	172 703
Due from banks	71 545	2 087	5 050	492	79 174
Due from customers	15 472	5 402	–	–	20 874
Trading portfolio assets	6 857	–	–	–	6 857
Positive replacement values	7 218	–	59	–	7 277
Other financial assets at fair value	8 473	5 457	13 649	–	27 579
Accrued income and prepaid expenses	1 852	–	118	–	1 970
Financial investments	22 500	998	–	–	23 498
Associated companies	–	–	492	–	492
Property and equipment	336	–	–	–	336
Goodwill and other intangible assets	53 998	–	–	–	53 998
Current tax assets	10 413	–	19	–	10 432
Deferred tax assets	25	–	–	–	25
Other assets	416	–	57	–	473
Total on-balance-sheet assets	**371 808**	**13 944**	**19 444**	**492**	**405 688**
Delivery claims from spot and forward forex transactions and from forex options transactions	12 350	–	–	–	12 350
Total assets	**384 158**	**13 944**	**19 444**	**492**	**418 038**
Due to banks	6 014	–	–	–	6 014
Due to customers	213 713	7 579	58	26	221 376
Trading portfolio liabilities	4 458	–	–	–	4 458
Negative replacement values	7 202	3	–	–	7 205
Accrued expenses and deferred income	7 523	–	293	–	7 816
Current tax liabilities	2 446	–	208	–	2 654
Deferred tax liabilities	5 775	–	–	–	5 775
Provisions	334	–	–	–	334
Other liabilities	605	–	–	–	605
Equity	149 339	–	112	–	149 451
Total on-balance-sheet liabilities	**397 409**	**7 582**	**671**	**26**	**405 688**
Delivery claims from spot and forward forex transactions and from forex options transactions	–	3 068	9 282	–	12 350
Total liabilities and shareholders' equity	**397 409**	**10 650**	**9 953**	**26**	**418 038**
Net position per currency		**3 294**	**9 491**	**466**	

CHF 1 000	CHF	EUR	USD	Other	Total
31.12.2012 restated					
Cash	246 912	–	–	–	246 912
Due from banks	75 217	7 937	3 496	603	87 253
Due from customers	12 285	18	7	17	12 327
Trading portfolio assets	653	–	–	–	653
Positive replacement values	2 858	–	146	–	3 004
Other financial assets at fair value	7 688	8 374	11 764	55	27 881
Accrued income and prepaid expenses	983	583	161	–	1 727
Financial investments	37 295	1 119	–	–	38 414
Associated companies	–	–	47	–	47
Property and equipment	746	–	–	–	746
Goodwill and other intangible assets	56 283	–	–	–	56 283
Current tax assets	8 979	–	2	–	8 981
Deferred tax assets	407	–	–	–	407
Other assets	1 198	–	92	–	1 290
Total on-balance-sheet assets	**451 504**	**18 031**	**15 715**	**675**	**485 925**
Delivery claims from spot and forward forex transactions and from forex options transactions	10 692	–	–	–	10 692
Total assets	**462 196**	**18 031**	**15 715**	**675**	**496 617**
Due to banks	15 557	3 357	–	17	18 931
Due to customers	279 562	4 465	1 462	121	285 610
Negative replacement values	2 858	1	13	–	2 872
Accrued expenses and deferred income	6 849	–	177	–	7 026
Current tax liabilities	1 982	–	329	–	2 311
Deferred tax liabilities	6 282	–	–	–	6 282
Provisions	2 144	–	–	–	2 144
Other liabilities	800	–	–	–	800
Equity	159 651	–	298	–	159 949
Total on-balance-sheet liabilities	**475 685**	**7 823**	**2 279**	**138**	**485 925**
Delivery claims from spot and forward forex transactions and from forex options transactions	–	3 018	7 674	–	10 692
Total liabilities and shareholders' equity	**475 685**	**10 841**	**9 953**	**138**	**496 617**
Net position per currency		**7 190**	**5 762**	**537**	

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 4 years	Due after 5 years	Total
31.12.2013							
Assets							
Cash	172 703	–	–	–	–	–	172 703
Due from banks	79 073	–	–	–	101	–	79 174
Due from customers	20 849	–	–	25	–	–	20 874
Trading portfolio assets	6 857	–	–	–	–	–	6 857
Positive replacement values	–	–	75	657	4 991	1 554	7 277
Other financial assets at fair value	18 863	–	–	–	535	8 181	27 579
Accrued income and prepaid expenses	–	–	1 970	–	–	–	1 970
Financial investments	–	–	1 900	–	20 600	998	23 498
Associated companies	–	–	–	–	–	492	492
Property and equipment	–	–	–	14	322	–	336
Goodwill and other intangible assets	44 000	–	–	2 285	4 413	3 300	53 998
Current tax assets	–	–	–	10 432	–	–	10 432
Deferred tax assets	–	–	–	25	–	–	25
Other assets	37	–	436	–	–	–	473
Total assets	**342 382**	**–**	**4 381**	**13 438**	**30 962**	**14 525**	**405 688**
Liabilities							
Due to banks	514	5 500	–	–	–	–	6 014
Due to customers	221 039	–	337	–	–	–	221 376
Trading portfolio liabilities	4 458	–	–	–	–	–	4 458
Negative replacement values	–	–	3	657	4 991	1 554	7 205
Accrued expenses and deferred income	–	–	7 285	531	–	–	7 816
Current tax liabilities	–	–	–	2 654	–	–	2 654
Deferred tax liabilities	–	–	–	609	4 542	624	5 775
Provisions	–	–	–	334	–	–	334
Other liabilities	–	–	605	–	–	–	605
Total liabilities	**226 011**	**5 500**	**8 230**	**4 785**	**9 533**	**2 178**	**256 237**
Liabilities							
Contingent liabilities							
Credit guarantees	–	–	–	16 000	–	–	16 000
Irrevocable commitments							
Rental commitments	–	–	164	435	3 019	–	3 618
Undrawn irrevocalbe credit facilities	–	–	156	–	–	–	156

CHF 1 000	On demand	Subject to notice	Due within 3 months	Due within 3 to 12 months	Due between 1 and 4 years	Due after 5 years	Total
31.12.2012 restated							
Assets							
Cash	246 912	–	–	–	–	–	246 912
Due from banks	87 149	–	–	3	101	–	87 253
Due from customers	12 273	–	54	–	–	–	12 327
Trading portfolio assets	653	–	–	–	–	–	653
Positive replacement values	–	–	178	2 223	–	603	3 004
Other financial assets at fair value	18 490	–	–	–	714	8 677	27 881
Accrued income and prepaid expenses	–	–	1 727	–	–	–	1 727
Financial investments	–	–	1 000	13 095	23 200	1 119	38 414
Associated companies	–	–	–	–	–	47	47
Property and equipment	–	–	16	90	640	–	746
Goodwill and other intangible assets	44 000	–	–	2 285	5 498	4 500	56 283
Current tax assets	–	–	–	8 981	–	–	8 981
Deferred tax assets	–	–	–	407	–	–	407
Other assets	349	–	851	–	49	41	1 290
Total assets	**409 826**	**–**	**3 826**	**27 084**	**30 202**	**14 987**	**485 925**
Liabilities							
Due to banks	10 931	–	8 000	–	–	–	18 931
Due to customers	285 183	–	427	–	–	–	285 610
Negative replacement values	–	–	46	2 223	–	603	2 872
Accrued expenses and deferred income	–	–	7 026	–	–	–	7 026
Current tax liabilities	–	–	–	2 311	–	–	2 311
Deferred tax liabilities	–	–	446	4 873	963	–	6 282
Provisions	–	–	–	2 144	–	–	2 144
Other liabilities	–	–	800	–	–	–	800
Total liabilities	**296 114**	**–**	**16 745**	**11 551**	**963**	**603**	**325 976**
Liabilities							
Contingent liabilities							
Credit guarantees	–	–	16 000	–	–	–	16 000
Irrevocable commitments							
Rental commitments	–	–	368	1 012	3 948	–	5 328
Undrawn irrevocalbe credit facilities	–	–	180	–	–	–	180

6.3 Fair value of financial instruments

CHF 1 000			31.12.2013			31.12.2012
	Book value	Fair value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	172 703	172 703	–	246 912	246 912	–
Due from banks	79 174	79 174	–	87 253	87 253	–
Due from clients	20 874	20 874	–	12 327	12 327	–
Subtotal receivables	**272 751**	**272 751**	**–**	**346 492**	**346 492**	**–**
Financial investments	1 900	1 978	78	16 160	16 487	327
Financial assets at amortized cost	**274 651**	**274 729**	**78**	**362 652**	**362 979**	**327**
Trading portfolio assets	6 857	6 857	–	653	653	–
Derivative financial instruments	7 277	7 277	–	3 004	3 004	–
Other financial assets at fair value	27 579	27 579	–	27 881	27 881	–
Financial investments	998	998	–	1 119	1 119	–
Subtotal other financial assets at fair value through profit and loss	**42 711**	**42 711**	**–**	**32 657**	**32 657**	**–**
Financial investments	20 600	20 600	–	21 300	21 300	–
Financial assets at fair value	**63 311**	**63 311**	**–**	**53 957**	**53 957**	**–**
Liabilities						
Due to banks	6 014	6 014	–	18 931	18 931	–
Due to customers	221 376	221 376	–	285 610	285 610	–
Financial liabilities at amortized cost	**227 390**	**227 390**	**–**	**304 541**	**304 541**	**–**
Trading portfolio liabilities	4 458	4 458	–	–	–	–
Derivative financial instruments	7 205	7 205	–	2 872	2 872	–
Financial liabilities at fair value	**11 663**	**11 663**	**–**	**2 872**	**2 872**	**–**

Valuation methods of financial instruments

31.12.2013	Listed market prices CHF 1 000	Valuation methods based on market data CHF 1 000	Valuation methods not based on market data CHF 1 000	Total TCHF 1 000
Assets				
Cash	172 703			172 703
Due from banks		79 174		79 174
Due from customers		20 874		20 874
Financial investments		1 900		1 900
Financial assets at amortized cost	**172 703**	**101 948**	**–**	**274 651**
Trading portfolio assets	1 577	5 280	–	6 857
Positive replacement values	16	7 261	–	7 277
Other financial assets at fair value	–	18 863	8 716	27 579
Financial investments	–	998	20 600	21 598
Financial assets at fair value	**1 593**	**32 402**	**29 316**	**63 311**
Total financial assets	**174 296**	**134 350**	**29 316**	**337 962**
Liabilities				
Due to banks		6 014		6 014
Due to customers		221 376		221 376
Financial liabilities at amortized cost	**–**	**227 390**	**–**	**227 390**
Trading portfolio liabilities	4 458	–	–	4 458
Negative replacement values	–	7 205	–	7 205
Financial liabilities at fair value	**4 458**	**7 205**	**–**	**11 663**
Total financial liabilities	**4 458**	**234 595**	**–**	**239 053**

31.12.2012	**Listed market prices CHF 1 000**	**Valuation methods based on market data CHF 1 000**	**Valuation methods not based on market data CHF 1 000**	**Total TCHF 1 000**
Assets				
Cash	246 912			246 912
Due from banks		87 253		87 253
Due from customers		12 327		12 327
Financial investments		15 995		15 995
Financial assets at amortized cost	**246 912**	**115 575**	**–**	**362 487**
Trading portfolios	–	653	–	653
Positive replacement values	146	2 858	–	3 004
Financial assets at fair value [1)]	–	18 490	9 391	27 881
Financial investments [1)]	–	1 119	21 300	22 419
Financial assets at fair value [1)]	**146**	**23 120**	**30 691**	**53 957**
Total financial assets	**247 058**	**138 695**	**30 691**	**416 444**
Liabilities				
Due to banks		18 931		18 931
Due to customers		285 610		285 610
Financial liabilities at amortized cost	**–**	**304 541**	**–**	**304 541**
Negative replacement values	–	2 872	–	2 872
Financial liabilities at fair value	**–**	**2 872**	**–**	**2 872**
Total financial liabilities	**–**	**307 413**	**–**	**307 413**

1) Due to an error correction, three financial instruments will be reclassified from level 2 to level 3 with retroactive effect to 31 December 2012. Furthermore, an addition error of an insignificant amount was corrected. The consequences are as follows:

Other financial instruments at fair value on 31.12.2012				
Before restatement	–	27 167	714	27 881
Restatement	–	−8 677	8 677	
After restatement	–	18 490	9 391	27 881
Financial investments at fair value on 31.12.2012				
Before restatement	–	22 535	–	22 535
Restatement	–	−21 300	21 300	–
Correction	–	−116	–	−116
After restatement	–	1 119	21 300	22 419
Total financial assets at fair value on 31.12.2012				
Before restatement	146	53 213	714	54 073
Restatement	–	−29 977	29 977	–
Correction	–	−116	–	−116
After restatement	146	23 120	30 691	53 957

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 7, 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. In the case of foreign currencies and precious metals, generally accepted prices are applied.

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			31.12.2013			31.12.2012 restated
	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	9 391	21 300	30 691	10 086	18 500	28 586
Investments	1 161	–	1 161	762	–	762
Redemptions	−1 166	–	−1 166	−1 117	–	−1 117
Losses recognized in the income statement	−670	–	−670	−340	–	−18
Losses recognized as other comprehensive income	–	−700	−700	–	–	–
Gains recognized in the income statement	–	–	–	–	–	−322
Gains recognized as other comprehensive income	–	–	–	–	2 800	2 800
Total book value at balance sheet date	**8 716**	**20 600**	**29 316**	**9 391**	**21 300**	**30 691**

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.

31.12.2013	**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**
Financial assets						
Positive replacement values	7 277	–	7 277	4 314	1 554	1 409
Cash collateral for securities borrowing agreements	–	–	–	–	–	–
Total financial assets	**7 277**	**–**	**7 277**	**4 314**	**1 554**	**1 409**
Financial liabilities						
Negative replacement values	7 205	–	7 205	–	–	7 205
Cash collateral from securities lending agreements	–	–	–			–
Total financial assets	**7 205**	**–**	**7 205**	**–**	**–**	**7 205**

31.12.2012	**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**
Financial assets						
Positive replacement values	3 004	–	3 004	108	603	2 293
Cash collateral for securities borrowing agreements	–	–	–	–	–	–
Total financial assets	**3 004**	**–**	**3 004**	**108**	**603**	**2 293**
Financial liabilities						
Negative replacement values	2 872	–	2 872	–	–	2 872
Cash collateral from securities lending agreements	–	–	–			–
Total financial assets	**2 872**	**–**	**2 872**	**–**	**–**	**2 872**

7 Off-balance sheet and other information

7.1 Off-balance sheet

CHF 1 000	31.12.2013	31.12.2012
Contingent liabilities		
Credit guarantees	16 000	16 000
Total	**16 000**	**16 000**
Irrevocable commitments		
Rental commitments [1]	3 618	5 328
Undrawn irrevocable credit facilities	156	180
of which payment obligation to “Einlagensicherung”	156	180
Total	**3 774**	**5 508**
Fiduciary transactions		
Fiduciary placements with third-party banks	–	–
Fiduciary credits	–	–
Total	**–**	**–**
Securities lending and pension transactions		
Book value of liabilities from cash deposits in securtities lending and repurchase transactions	–	–
Book value of own holdings of securities lent in securitites lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	11 965	10 264

[1] All rental commitments are due within 1–5 years

CHF mn	31.12.2013	31.12.2012
Assets under management		
Assets with management mandate	2 639	1 975
Other assets under management	1 689	1 636
Total assets under management (including double counts)	**4 328**	**3 611**
of which double counts	–296	–313
Total assets under management (net)	**4 032**	**3 298**
Net inflow/outflow of new assets	–305	–674

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

7.2 Employee benefit plans

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

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

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

When determining the benefits, the minimum requirements of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be considered. The LOB defines minimum insured salary and minimum retirement assets. The Federal Council determines the minimum interest on these minimum retirement assets at least every two years. In 2013, it amounts to 1.5% (previous year: 1.5%).

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

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

CHF 1 000	**31.12.2013**	**31.12.2012**
Consolidated balance sheet		
Fair value of plan assets	31 882	27 046
Present value of pension obligations	–32 016	–29 190
Funding surplus/shortfall	**–134**	**–2 144**
Unrecognised actuarial gains/losses	–	–
Net (pension obligation)/plan assets	**–134**	**–2 144**

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012
Pension cost recognised in the income statement		
Service cost		
Current service cost	−2 094	−2 345
Past service cost	–	–
Plan settlements	–	–
Net interest expenses	−20	−70
Administrative expenses	−46	−66
Total pension cost for the period	**−2 160**	**−2 481**
Revaluation components recorded in other income		
Actuarial gains/losses		
Due to adjusted demographical assumptions	–	−1 531
Due to adjusted economic assumptions	1 538	−566
Experience adjustments	−1 435	2 473
Return on plan assets (excluding amounts in net interest expenses)	2 115	1 996
Effects from curtailments	–	–
Total of amounts recognised in other income	**2 218**	**2 372**
Total pension costs	**58**	**–109**

CHF 1 000	2013	2012
Development of pension obligations		
At 1 January	−29 190	−35 162
Current service cost	−2 094	−2 345
Employee contributions	−251	−255
Interest expenses on the present value of the obligations	−555	−737
Pension payments and vested benefits	2 863	10 578
Additions from admissions and voluntary contributions	−2 892	−1 645
Actuarial gains/losses	103	376
At 31 December	**−32 016**	**−29 190**
Development of plan assets		
At 1 January	27 046	31 097
Interest income on assets	535	667
Employee contributions	251	255
Employer contributions	1 952	2 030
Pension payments and vested benefits	−2 863	−10 578
Additions from admissions and voluntary contributions	2 892	1 645
Return on plan assets (excluding amounts in net interest expenses)	2 115	1 996
Administrative expenses	−46	−66
At 31 December	**31 882**	**27 046**
Actual return on plan assets	**2 650**	**2 663**

CHF 1 000	31.12.2013	31.12.2012
Allocation of plan assets		
Equities		
Listed investments	12 056	10 419
Non-listed investments	–	–
Bonds		
Listed investments	12 944	13 713
Non-listed investments	–	–
Real estate		
Directly invested	–	–
Investments in funds	1 260	500
Alternative investments	1 673	1 758
Other	3 694	391
Liquidity	255	265
Total	**31 882**	**27 046**

The plan assets as at 31 December 2013 and 31 December 2012 do not include shares of the Group. 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	**31.12.2013**	**31.12.2012**
Active workforce	32 016	29 190
Pensioners	–	–
Total	**32 016**	**29 190**

The maturity of the obligation is 21.1 years as at 31 December 2013. The expected employer's contributions for 2014 are estimated at CHF 1.8 million.

CHF 1 000	**31.12.2013**	**31.12.2012**
Changes to the present value of a defined-benefit obligation	**+0.25%**	**−0.25%**
Assumed interest rate	−1 411	1 584
Salary development	345	−337
Interest on pension assets	616	−577
	+1 Year	**−1 Year**
Development of life expectancy	391	−393
Actuarial assumptions		
Biometric assumptions	**BVG 2010GT**	**BVG 2010**
Life expectancy at the age of 65		
Year of birth	1948	1947
Men	21.29	21.18
Women	23.76	23.66
Year of birth	1968	1967
Men	23.09	23.00
Women	25.52	25.44
Discount rate	2.30%	1.90%
Expected rate of salary increases	1.50%	1.50%
Expected rate of pension increases	0.00%	0.00%
Interest on pension assets	2.30%	1.90%

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:

		2013		2012
	Year-end rate	Average rate	Year-end rate	Average rate
EUR	1.22715	1.23057	1.20755	1.20385
USD	0.89245	0.92660	0.91505	0.93314

7.4 Events after the balance sheet date

No events have occured since the balance sheet date of December 31, 2013 that would have a material impact on the 2013 consolidated financial statements.

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 17, 2014. This corresponds to a total payment of CHF 10.47 millions.

7.6 Approval of the consolidated financial statements

The Audit Committee discussed and approved the consolidated accounts during its meeting on February 17, 2014, the Board of Directors during its meeting on February 18, 2014. They will be submitted for approval at the general meeting on March 17, 2014.

8 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–31.12.2013					
Net interest income	3 955	11	–1		3 965
Net fee and commission income	16 470	21 060	–	–100	37 430
Net trading income	771	247	–10		1 008
Other ordinary income	–55	2 448	981		3 374
Service from/to other segments	78	–69	–9		–
Total operating income	**21 219**	**23 697**	**961**	**–100**	**45 777**
Personnel expenses	–10 356	–11 791	–2 139		–24 286
Other operating expenses	–6 098	–5 073	–493	100	–11 564
Service from/to other segments	194	–194	–		–
Depreciation	–1 266	–1 428	–3		–2 697
thereof on intangible assets	–1 200	–1 085	–		–2 285
Valuation adjustments and provisions	–200	–	–		–200
Total operating expenses	**–17 726**	**–18 486**	**–2 635**	**100**	**–38 747**
Profit before tax	**3 493**	**5 211**	**–1 674**	**–**	**7 030**
Taxes	–155	–395	4		–546
Group net profit	**3 338**	**4 816**	**–1 670**	**–**	**6 484**
Further information					
Segments assets [1)]	349 857	55 430	401		405 688
Segments liabilities	238 238	16 343	1 656		256 237
Assets under management (CHF m) [2)]	1 703	2 625	–		4 328
Net new money (CHF m)	–263	–42	–		–305
Capital expenditure	–	–	–		–
Number of staff (full-time equivalent) at cutoff date	37.6	40.2	2.6		80.4
Annual average number of staff (full-time equivalent)	37.0	40.3	2.6		79.9

[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 88 million, in all other countries amounts to CHF 1.5 million.
[2)] Including double counts

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–31.12.2012 restated					
Net interest income	2 136	−54	−1		2 081
Net fee and commission income	15 941	21 758	–		37 699
Net trading income	279	78	−2		355
Other ordinary income	97	5 244	−15		5 326
Services from/to other segments	3	−49	46		–
Total operating income	**18 456**	**26 977**	**28**		**45 461**
Personnel expenses	−10 176	−11 770	−1 685		−23 631
Other operating expenses	−7 052	−5 776	−1 205		−14 033
Services from/to other segments	207	−207	–		–
Depreciation	−1 257	−1 535	−3		−2 795
thereof on other intangible assets	−1 200	−1 085	–		−2 285
Valuation adjustments and provisions	–	1 867	–		1 867
Total operating expenses	**−18 278**	**−17 421**	**−2 893**		**−38 592**
Profit before tax	**178**	**9 556**	**−2 865**		**6 869**
Taxes	−24	−655	15		−664
Group net profit	**154**	**8 901**	**−2 850**		**6 205**
Further information					
Segments assets [1]	423 508	59 636	2 781		485 925
Segments liabilities	309 523	13 917	2 536		325 976
Assets under management (CHF m) [2]	1 642	1 969	–		3 611
Net new money (CHF m)	−322	−352	–		−674
Capital expenditure	–	–	–		–
Number of staff (full-time equivalent) at cutoff date	35.3	45.0	2.6		82.9
Annual average number of staff (full-time equivalent)	36.7	42.8	2.9		82.4

[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 93.6 million, in all other countries amounts to CHF 1.2 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".

Segment "Asset Management"

Bellevue Asset Management is an independent, highly specialised asset management boutique focusing on management of equity portfolios for selected regional and sector strategies, and on instituional assets. Bellevue Asset Management has consistently outperformed the benchmark indices and has assets under management exceeding CHF 2 billion in health care products. This makes Bellevue Asset Managment one of the world leaders in this specialised sector. Further core competences include management of investments in new markets, especially the regions of Africa, Eastern Europe, Russia and Asia, and in differentiated niche strategies focusing on Switzerland and Europa. Bellevue Asset Management's investment philosophy focuses purely on active asset management, based on a bottom-up, research-driven approach to stock picking.

"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	Purpose	Purpose	Currency	Share capital-/ nominal capital	31.12.2012 Capital	31.12.2012 Share of voting right	31.12.2011 Capital	31.12.2011 Share of voting right
Fully consolidated companies								
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%
BAB Management N.V.	Curaçao	Investment Advisor	USD	6 001	0%	0% [1)]	100%	100%
Bellevue Asset Management AG	Küsnacht, Schweiz	Asset Management	CHF	1 750 000	100%	100%	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%
BEK Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	0%	0% [1)]	100%	100%
BW Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	0%	0% [1)]	100%	100%
BB BIOTECH Ventures G.P.	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
Bellevue Steeple Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	0%	0% [1)]	100%	100%
BRF Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	0%	0% [1)]	100%	100%

1) These participations were sold during the year under review.

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 recordet in the income statement.

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

Under IFRS, treasury shares are deducted from equity in the balance sheet. Gains or losses resulting from treasury shares are not recorded in the income statement; instead they are directly set off against equity. Under Swiss GAAP, own shares not held for trading purposes are reported under Financial investments and corresponding reserves tor treasury shares are declared. Gains and losses resulting from the sale of own shares are recorded in the income statement.

Under IFRS, 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 separatly as discontinued operations. In addition, such assets and liabilities are remeasured at the lower of their carring value or fair value less cost to sell. Under Swiss GAAP, these positions remain in the ordinary balance sheet positions until disposal and are not remeasured.

Report of the statutory auditor on the consolidated financial statements

Report of the statutory auditor
to the General Meeting of
Bellevue Group Ltd.
Küsnacht

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Bellevue Group Ltd., which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 36 to 81), for the year ended 31 December 2013.

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 2013 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.

PricewaterhouseCoopers AG, Birchstrasse 160, P.O. Box, CH-8050 Zurich, Switzerland
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

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

Thomas Romer	Daniela Rey
Audit expert Auditor in charge	Audit expert

Zurich, 21 February 2014

Financial statements Bellevue Group AG

Profit and loss account

CHF 1 000	1.1.–31.12.2013	1.1.–31.12.2012
Interest income	58	106
Interest expense	–1	–
Net interest income	**57**	**106**
Net fee and commission income	**–**	**–**
Net trading income	**–2**	**–**
Net income from financial assets	–54	–336
Dividend income from associated companies	30 000	13 200
Other ordinary income	–	2
Other income	**29 946**	**12 866**
Total operating income	**30 001**	**12 972**
Personnel expenses	–1 468	–4 475
Other operating expenses	–390	–1 094
Total operating expense	**–1 858**	**–5 569**
Depreciation	–	–15 800
Extraordinary income	1 034	–
Profit before tax	**29 177**	**–8 397**
Taxes	–96	–96
Profit/loss for the year	**29 081**	**–8 493**

Balance Sheet

CHF 1 000	31.12.2013	31.12.2012
Assets		
Current assets		
Due from group banks	7 807	61
Due from other banks	717	723
Total cash and cash equivalent	8 524	784
Due from group companies	2 091	1 930
Net receivables	2 091	1 930
Total prepaid expenses and accrued income	18	445
Total current assets	**10 633**	**3 159**
Non-current assets		
Financial investments	535	714
Participations	172 631	172 000
Total non-current assets	**173 166**	**172 714**
Total assets	**183 799**	**175 873**
Due from group companies	**9 898**	**1 991**
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	–	1
Acrrued expenses and deferred income	1 215	1 429
Total current liabilities	1 215	1 430
Total liabilities	**1 215**	**1 430**
Shareholders' equity		
Share capital	1 047	1 047
General reserves	2 225	2 225
Reserves for own shares	362	2 172
Total statutory reserves	2 587	4 397
Total other reserves	19 144	17 334
Profit brought forward	130 725	160 158
Profit for the year	29 081	–8 493
Total disposable profit	159 806	151 665
Total shareholders' equity	**182 584**	**174 443**
Total liabilities and shareholders' equity	**183 799**	**175 873**
Due to group companies	–	–

Notes to the financial statements

	Number	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2012	5 400	71
Purchases	497 978	5 103
Disposals	–263 561	–2 831
Balance as of 30.6.2012	239 817	2 343
Purchases	112 728	1 050
Disposals	–126 045	–1 221
Balance as of 31.12.2012	**226 500**	**2 172**
Purchases	119 833	1 162
Disposals	–311 433	–2 974
Balance as of 30.6.2013	34 900	360
Purchases	41 555	502
Disposals	–46 455	–500
Balance as of 31.12.2013	**30 000**	**362**

Treasury shares of Bellevue Group AG		
Balance as of 1.1.2012	113 968	2 298
Purchases	236 670	2 312
Disposals	–320 638	–3 413
Share capital reduction	–30 000	–1 197
Balance as of 30.6.2012	–	–
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2012	**–**	**–**
Purchases	–	–
Disposals	–	–
Balance as of 30.6.2013	–	–
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2013	**–**	**–**

In connection with the share buyback program, Bellevue Group AG acquired the following shares through a second line of trading:

- In the first half of 2008, 25 000 shares at an average price of CHF 40.50
- In the first half of 2009, 5 000 shares at an average price of CHF 36.92

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to reduce Bellevue Group AG's share capital from CHF 1 050 000 to CHF 1 047 000. The reduction in share capital was duly registered in the Commercial Register on June 29, 2012.

Bellevue Group AG acquired the shares shown below through ist first line of trading:

- 236 670 shares at an average price of CHF 9.77 in the first half of the year 2012

Reserves for own shares	
Balance as of 31.12.2012	2 172
Balance as of 31.12.2013	**362**

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

Company name	Purpose	Purpose	Currency	Share capital-/ nominal capital	31.12.2012 Capital	31.12.2012 Share of voting right	31.12.2011 Capital	31.12.2011 Share of voting right
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%
BAB Management N.V.	Curaçao	Investment advisor	USD	6 001	0%	0% [1]	100%	100%
Bellevue Asset Management AG	Küsnacht, Schweiz	Asset managment	CHF	1 750 000	100%	100%	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%
Bellevue Capital N.V.	Curaçao	Investment advisor	CHF	1 000	0%	0% [1]	100%	100%
BEK Partners N.V.	Curaçao	Investment advisor	CHF	1 000	0%	0% [1]	100%	100%
BW Partners N.V.	Curaçao	Investment advisor	CHF	1 000	0%	0% [1]	100%	100%
BB Biotech Ventures G.P.	Guernsey	Investment advisor	GBP	10 000	100%	100%	100%	100%
Bellevue Steeple Partners N.V.	Curaçao	Investment advisor	CHF	1 000	0%	0% [1]	100%	100%
BRF Partners N.V.	Curaçao	Investment advisor	CHF	1 000	0%	0% [1]	100%	100%
BJ Partners N.V.	Curaçao	Investment advisor	CHF	1 000	0%	0% [1]	100%	100%
Medhealth N.V.	Curaçao	Holding	CHF	1 000	0%	0% [1]	100%	100%
Medsource N.V.	Curaçao	Holding	CHF	1 000	0%	0% [1]	100%	100%
Medcare N.V.	Curaçao	Holding	CHF	1 000	0%	0% [1]	100%	100%
Medgrowth N.V.	Curaçao	Holding	CHF	1 000	0%	0% [1]	100%	100%

[1] These participations were sold during the year under review.

CHF 1 000	No. of shares	Par Value
Share capital (registered shares)		
Balance as of 1.1.2012	10 500 000	1 050
Balance as of 31.12.2012	**10 470 000**	**1 047**
Balance as of 31.12.2013	**10 470 000**	**1 047**

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to reduce Bellevue Group AG's share capital from CHF 1 050 000 to CHF 1 047 000. The reduction in share capital was duly registered in the Commercial Register on June 29, 2012.

CHF 1 000	No. of shares	Par Value
Conditional capital		
Balance as of 1.1.2012	1 000 000	100
Balance as of 31.12.2012	**2 000 000**	**200**
Balance as of 31.12.2013	**1 000 000**	**100**

The intended purpose of the conditional capital created at the general meeting of shareholders on December 15, 2006 had been as follows:

- a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;
- a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors. No such option rights had been granted as of the balance sheet date.

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to create additional conditional capital. The intended purpose (in total) is as follows:

- a sum of up to CHF 100 000 through the exercise of option rights granted to shareholders;
- a sum of up to CHF 100 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

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

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

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

CHF 1 000	**No. of shares**	**Par Value**
Authorised capital		
Balance as of 1.1.2012	–	–
Balance as of 31.12.2012	–	–
Balance as of 31.12.2013	**1 500 000**	**150**

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

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

Information on major shareholders

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

Shareholder or beneficial owner	**31.12.2013 Voting rights held**	**Number of Shares**	**31.12.2012 Voting rights held**	**Number of Shares**
Martin Bisang, Küsnacht	20.06%	2 100 006	20.48%	2 144 006
Jürg Schäppi, Rapperswil-Jona	9.05%	947 175	9.68%	1 014 016
Urs Baumann, Pfäffikon	5.04%	528 062 [1)]	5.04%	528 062
Daniel Schlatter, Herrliberg	4.98%	521 760	4.98%	521 760
Integralstiftung für berufliche Vorsorge	3.90%	408 200	3.47%	363 500

[1)] An additional 310 000 shares via purchased call options, corresponding to 2.96%, i.e. including derivatives 8.00%

CHF 1 000	**31.12.2013**	**31.12.2012**
Additional information		
Liabilities to pension funds	–	–
Total amount of guarantees and pledges in favor of third parties	16 000	16 000
Total amount of assets assigned or pledged as security for own liablitities including assets to which title has been reserved	–	–
Total amount of off-balance sheet lease liabilities	–	–
Fire insurance value of tangible fixed assets	850	850

Information on compensation, loans and shareholdings of members of the Board of Directors and the Group Executive Board pursuant to Art. 663b^{bis} and Art. 663c of the Swiss Code of Obligations

This information is given in the notes to the consolidated financial statements of Bellevue Group AG, article 5 "Transactions with related parties", beginning on page 63.

Risk evaluation process

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

Proposal to the annual General Meeting

CHF 1 000	31.12.2013	31.12.2012
The Board of Directors proposes to the annual General Meeting of shareholders on March 17, 2014 the following allocation ot profit:		
Profit/loss for the year	29 081	–8 493
Balance brought forward from previous year	130 725	160 158
Total Profit	**159 806**	**151 665**
Dividend on eligible capital [1]	–10 470	–20 940
Allocation to other reserves [2]	–	–
Balance carried forward to new financial year	**149 336**	**130 725**

[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 statements

Report of the statutory auditor
to the General Meeting of
Bellevue Group Ltd.
Küsnacht

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Bellevue Group Ltd., which comprise the balance sheet, income statement and notes, for the year ended 31 December 2013.

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 2013 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 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 comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Romer	Daniela Rey
Audit expert Auditor in charge	Audit expert

Zurich, 21 February 2014

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