

Annual Report 2012



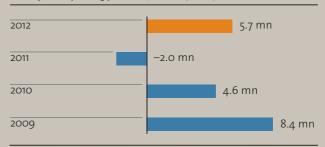
At a glance

CHF 1 000	01.0131.12.2012	01.0131.12.2011	Change (abs.)	Change (%)
Profit and loss account				
Total operating income	45 531	28 168	+17 363	+62%
Total operating expenses	-38 257	-93 005	+ 54 748	-59%
Group net profit	6 528	-64 714	+71 242	-110%
Balance sheet				
Total assets	485 629	452 008	+33 621	+7%
Total liabilities	324 415	261 381	+63 034	+24%
Total shareholders' equity	161 214	190 627	-29 413	-15%
Ratios				
Earnings per share (in CHF)	0.64	-6.19	+ 6.83	-110%
Equity per share (in CHF)	15.40	18.16	-2.76	-15%
Cash distribution/dividend per share (in CHF)	2.001)	3.33	-1.33	-40%
Return on equity	3.7%	-26.7%		+30.4%
Cost/income Ratio ²⁾	86.9%	106.3%		-19.4%
Total client assets (in CHF m) ³⁾	3 611	3 602	+9	+0.3%
Net new money inflow (outflow)	- 674	-330	-344	+104%
Number of staff (full-time equivalent) at cutoff date	82.9	85.2	-2.3	-3%
Annual average number of staff (full-time equivalent)	82.4	93.0	-10.6	-11%

Proposal of the Board of Directors to the Annual General Meeting
 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)
 Before deduction of double counts



Development operating profit 2009 to 2012 (in CHF)



Shareholder structure



Both divisions in the profit zone

Bellevue Asset Management returned to the profit zone in 2012 thanks to disciplined cost management and a revised business model. Divisional operating income amounted to CHF 6.9 million (previous year: CHF -2.2 million). As a pure-play equity house, Bank am Bellevue was confronted with the adverse market environment. Its total income declined 19%, although this compares well with the nearly 30% decline in trading turnover on the SIX Swiss Exchange. Bank am Bellevue's operating income amounted to CHF 1.6 million. At the consolidated level, Bellevue Group reported a bottom-line profit of CHF 6.5 million (previous year: CHF -65 million).

Stabilization in assets under management

Assets under management at Bellevue Asset Management grew by 8% to nearly CHF 2 billion, largely thanks to the positive market performance (CHF 490 million) and Bellevue Asset Management's attractive portfolio of products, which were increasingly recommended by many top-rate market participants. Much of the money outflow of approximately CHF 395 million was structural in nature and to some extent a onetime effect, while net new money from new clients was positive at CHF 70 million. Together with Bank am Bellevue, total assets under management amounted to CHF 3.6 billion.

Outstanding performance of research recommendations and investment products

Bank am Bellevue's exclusive investment recommendations again generated substantial value for clients in 2012. The top 5 recommendations produced an aggregate return of 28.2%, which represents an outperformance of 13.8% over the SMI. The composite performance based on all recommendations was 19.0% in 2012, whereas the SMI advanced 14.4%. Bellevue Asset Management's products also delivered good returns in 2012: Two third of its investment products beat their benchmarks.

New crew at the helm

As part of a generational change in leadership, Urs Baumann succeeded Martin Bisang as CEO of Bellevue Group on March 1, 2012. With his many years of experience in managing and growing international financial services companies, the former CEO of Swisscard is ideally qualified for his new job. There was also a change in leadership at Bellevue Asset Management: In early 2012 André Rüegg, the former Deputy CEO and Head Sales & Marketing, succeeded Hans-Peter Diener as CEO of Bellevue Asset Management. He was also appointed to the Executive Board of Bellevue Group. Annual average number of staff (full-time equivalent)

82.4

Total client assets

3.6 bn

Performance top 5 research recommendations 2012

28.2%

(Benchmark SMI: 14.4%)

Proportion investment stategies with outperformance

67%

(of 18 in total)

Shareholders' equities

CHF 161.2

(2011: CHF 190.6)

Return on equity

3.7%

Dividend per share (proposed)

CHF 2.00

(2011: CHF 3.33, incl. cash distribution)

Tier 1 ratio Bellevue Group

32.7%

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 100 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.



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Dear Shareholders

Various strategic steps taken during the past year strengthened our position as an independent financial boutique. Our primary mission is offering our clients premium quality products and services and thus establishing long-lasting business partnerships. These partnerships are anchored by the strong performance of our investment recommendations and products. 2012 was in this sense a very gratifying year.

The business and financial world today is not the same it was just a few years ago. A conclusive opinion regarding the aftereffects of this widespread change cannot yet be rendered. The financial system appears to have become more unstable and, especially for banks, the general environment has become more volatile.

For many investors, financial markets performed surprisingly well in 2012. Prices were significantly higher at the end of the year but two factors that have a major bearing on Bellevue Group's operating performance were unmoved by the markets' advances: (1) Equity allocations in most investors' portfolios remained at historic lows. (2) Trading volumes did not recover; in fact, trading volumes on the SIX Swiss Exchange declined by about 30% in 2012 after already contracting in 2011. Bellevue Group's business in its three segments of Asset Management, Brokerage and Corporate Finance was again strongly impacted by the continuing reluctance to invest in equities.

Bank am Bellevue: Investment recommendations outperform the broader market

Bank am Bellevue began the year under review on a positive note with two successful corporate finance transactions but revenues declined as the year progressed. Nevertheless, Bank am Bellevue maintained its focus on creating value for its clients. To this end, it organized well attended special events and exclusive company tours that received high marks from participants. It also pressed ahead with its efforts to enhance workforce skills and qualifications. Ultimately all of these efforts helped the company to grow its client base and slightly increase its share of stock market trading activity. Therefore, its operating performance as a whole can be described as encouraging. Nevertheless, Bank am Bellevue was unable to prevent commissions from its brokerage and corporate finance activities, the bank's most important source of income, from declining by 28% compared to the previous-year level. Looking back from a qualitative viewpoint, the picture is more positive. Bank am Bellevue generated further value for its clients in 2012 by virtue of the high quality of its investment research and the resulting investment recommendations. A comparison of the performance of Bank am Bellevue's recommendations with the SMI as a benchmark shows just how sustainable this value is: During the past 9 years Bank am Bellevue's recommendations produced an investment return of +14.4% p.a. compared to +3.5% p.a. for the SMI (Swiss Market Index).

Walter Knabenhans, Chairman of the Board of Directors Bellevue Group

G G We are well positioned to seize future growth opportunities.

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Bellevue Asset Management: Initial payback from strategic realignment

Bellevue Asset Management returned to the profit zone in 2012 thanks to ongoing adjustments to its business model and disciplined cost management. It is now more clearly structured to generate recurring commission income. Although the overall performance of Bellevue Asset Management's investment products was good, assets under management remained shy of the initial growth expectations. On the positive side, our investment funds are increasingly appearing on the lists of recommended products drawn up by premier financial services providers. We also scaled back our financial investments in our own fund products (seed capital), further reducing the risk of losses on our own financial investments. However, Bellevue Asset Management will maintain its strong focus on equity strategies as that is still viewed as the most realistic means of credibly profiling the company as an asset management expert among its target clients and providing a sound basis for future growth.

Group net profit after prior-year loss

Net fee and commission income in the consolidated income statement, the key indicator of Bellevue Group's operating performance, was virtually unchanged from the prior year at CHF 38 million. As other ordinary income increased by CHF 15 million, the Group's total operating income rose by nearly 60% year-on-year to CHF 46 million. Operating expenses of CHF 38 million were sharply lower from the unusually high level of CHF 93 million in the previous fiscal year, when a goodwill impairment charge was incurred. Thanks to ongoing efforts to cut costs, personnel and other operating expenses, typically the two main components of total operating expenses, were further reduced to CHF 37 million and CHF 5 million, respectively. The resulting net profit for the Group amounted to CHF 6.5 million, which compares to a net loss of CHF 65 million reported in the previous fiscal year.

Total assets on the consolidated balance sheet as of December 31, 2012 increased by 7% to CHF 486 million (previous year: CHF 452 million). This can mainly be traced to movements on the liability side of the balance sheet: For one, clients maintained much higher cash balances in their accounts, which led to a CHF 64 million increase in the item "Due to customers". Second, the dividend payment for fiscal 2011 together with an only slightly positive Group net profit for fiscal 2012 led to a CHF 32 million decline in retained earnings. Turning to the asset side of the balance sheet, attention is drawn to several important decisions taken by us during the course of the year: The item "Other financial assets at fair value" shows a decline of CHF 35 million, primarily attributable to disposals of holdings in our own investment funds and, in view of the extremely low yields on bonds issued by top-rated borrowers, we decided not to re-invest the proceeds of maturing bond positions. We also deliberately reduced our risk exposure in the interbanking market. The cumulative effect of all of these movements in balance sheet items is visible in our sight deposits at the Swiss National Bank: They increased by CHF 124 million.

High capital levels allow for continuation of dividend policy

The Board of Directors will propose a dividend of CHF 2.00 per registered share at the pending general meeting of shareholders. This proposal will reduce Bellevue Group's reported equity but is perfectly in keeping with its intention to return capital not required for operating activities to its shareholders. Our mediumterm capital plan indicates that our financing requirements under

Earnings per share

CHF 0.64

(2011: CHF - 6.19)

Dividend per share (proposed)

CHF 2.00

(2011: CHF 3.33, incl. cash distribution)

various different scenarios will still be met. The Group's capital ratios will continue to exceed regulatory requirements, and liquidity will be maintained at prudent levels. However, it is again stressed that at some point dividend payouts will inevitably have to be generated primarily from operating activities again.

Well positioned to take advantage of growth opportunities

The persisting difficult market environment not only had an impact on our operating results for the past year, it has also led to sweeping change in the operating parameters of virtually every financial services company. This change is far from over, which makes entrepreneurial qualities such as prudent, results-oriented leadership and strategic skills all the more important. We will therefore retain our focus on differentiating and profitable services while at the same time exploiting the market opportunities that arise as our industry undergoes continued structural change. Bellevue Group must remain agile to do so, which is why we acted early to steadily improve the performance levels of our employees and we also successfully completed the long-planned generational change in the company's management with the appointment of Urs Baumann as Group CEO and André Rüegg as CEO of Bellevue Asset Management. Our primary objective is to operate profitably despite slack market activity while at the same time benefiting from the anticipated business opportunities. Bellevue Group is well positioned for selective growth in its business segments and will continue to rely on its teams of highly competent and highly experienced employees, whose dedication and motivation have earned the respect of the Board of Directors. We would also like to take this opportunity to thank all of our clients as well as our shareholders for their trust, support and loyalty to Bellevue Group. We look forward to shaping the future of our company with you at our side.

Walter Knabenhans Chairman of the Board of Directors



Board of Directors Bellevue Group

(f.l.t.r.)

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.

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. 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.



Interview with the CEO Group

Urs Baumann has been CEO of Bellevue Group since March 2012. He took office in the midst of a challenging environment.

In many portfolios equity allocations are at historic lows. Does this mean stocks could become more interesting for investors?

Urs Baumann: The more than 30-year bull market for bonds will probably be coming to an end in the not too distant future. What used to be risk-free returns from government bonds have morphed into return-free risks. A real pretax yield of 39 basis points on Swiss government bonds over a ten-year horizon is not a return that investors should be satisfied with. Real estate valuations have also reached lofty heights so risk is increasing in this asset class as well. Therefore, from a medium-term perspective, we think equities offer a more attractive risk/return tradeoff. Not only that, they are also an efficient hedge against inflation. Stocks will experience a revival, of that I have no doubt.

Our values

Client focus

We are uncompromising in our commitment to serving client needs and desire to build strong, long-lasting relationships.

Excellence

We constantly strive for superior performance and quality in all of our fields of expertise.

Originality

We stand out from the crowd by developing distinctive and innovative solutions that create added value for our clients.

Independence

We say what we truly believe and stand by our convictions.

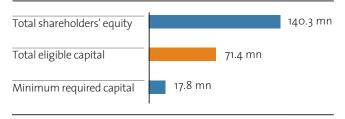
Integrity

We adhere to the highest professional and ethical standards in everything we do.

How can Bellevue Group hold its own in today's challenging environment?

Our proprietary research and investment expertise is the key to our success. Once again we generated above-average returns for our clients during the past year. As an owner-managed investment boutique, we operate with a lean cost structure and an entrepreneurial mentality, while our strong capital base and low operational risks provide security and strength – to the benefit of our clients, employees and shareholders.

Shareholders' equity after proposed dividend payout (in CHF)



Does the brokerage business have a future?

Of course. There is still a strong need in the market for sound research and advisory services even though the industry is undergoing a period of consolidation. Thanks to our low-cost structure, we were still able to operate at a profit last year despite record-low trading turnover. Furthermore, our ample cushion of capital will see us through any future dry spells and allow us to make anticyclical investments. So we are well positioned to benefit from the ongoing consolidation and generate attractive returns throughout the cycle.

How is the asset management business doing?

Our products have a convincing performance record. We are one of the world's foremost investors in the healthcare sector with our three investment vehicles BB Biotech AG, BB Biotech Ventures and BB Medtech. Bellevue Asset Management has also become a recognized provider of specialized investment funds for regional niches. We have a highly scalable fund platform that gives us more room for structural growth. Investors have shown little appetite for stocks, though, so growth here has not lived up to our initial expectations. In 2012 we broadened our presence in the UK market and increased our distribution capacity; both moves should have a positive effect on growth momentum going forward. We are also open and willing to evaluate acquisitions if they make sense.

Are you planning any further expansion?

We have a banking license that we are currently not making full use of. Therefore we could imagine making an organic or inorganic move into a new but related business area within the field of banking. Judging by our convincing track record and low risk profile, business partnerships are another possibility. We are diligently evaluating all opportunities as they arise but, of course, they must also fit well with our corporate principles and values.

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Proprietary equity research and investment expertise is the basis of our business model, which we will continue to optimize and strengthen.

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Urs Baumann, CEO Bellevue Group

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

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.

André Rüegg, CEO Bellevue Asset Management

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

Daniel Koller, CFO Bellevue Group

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

Bank am Bellevue – growing market share thanks to research excellence and client focus

Basic elements of our strategy and philosophy

- Proprietary research and capital market expertise
- 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
- Quality research recommendations and advisory services
- "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

Client focus and services

- Broad, internationally diversified client base
- Optimal execution of client orders
- (trading)
- Uncompromising client focus, no conflicts of interest

Bank am Bellevue continued to operate at a profit despite record low trading turnover thanks to a healthy cost structure. It also continued to invest in the quality of its research and advisory services and this helped it to grow its share of the brokerage market. Once again, the one dozen research specialists achieved a convincing performance as their investment recommendations outperformed the benchmark SMI index by 4.6 percentage points.

Trading turnover on the SIX Swiss Exchange plummeted by nearly 30% in 2012 compared to the previous year. Compared to 2007, the decline was even greater than 70%. Many institutional investors are still hugging the sidelines despite the stellar performance of stock markets because of all the business and political uncertainty. Equity allocations in the portfolios of many insurers and pension funds have fallen to record lows.

Bank am Bellevue reports an operating profit of CHF 1.6 million

As a pure equity house with a focus on research/brokerage and corporate finance services, Bank am Bellevue was unable to escape the general market environment. Operating income retreated 19% but the decline was offset to some extent by a 13% reduction in operating expenses. The bank's operating income amounted to CHF 1.6 million. Its Corporate Finance Team made a substantial contribution to the overall result, having successfully managed one capital increase and one M&A transaction during the past year. At the end of the reporting period the bank's workforce numbered 35.3 full-time equivalents, which corresponds to a reduction of 9.5% versus the previous year.

Healthy balance sheet and capital structure

Bank am Bellevue has an extremely sound balance sheet and capital structure with a Tier 1 ratio of 48.5%, which is well above the minimum threshold as well as the average ratio for our peers. Shareholders' equity at year-end amounted to CHF 41.8 million.

Distinct profile in the marketplace

Bank am Bellevue has established a distinct profile as a specialist for Swiss stocks during the nearly 20 years of its existence. A fundamental research approach, proprietary and original investment recommendations and an uncompromising focus on client needs form the cornerstone of all services rendered to clients by the bank's approximately 40 specialists. This is apparent, among other things, in the high interest clients always display in our flagship event held every year in Flims, to which some two dozen CEOs and CFOs of mostly SMI companies are invited as keynote speakers. Exclusive company tours or the Sector Day events spotlighting the medtech, chemicals and pharmaceutical sectors are also proof that Bank am Bellevue is quite capable of offering discerning private and institutional investors exclusive access to top management.

Market share gains thanks to anti-cyclical investments

Bank am Bellevue has a very efficient set-up with a low cost structure, which works in its favor when demand for equities is low. This even allowed it to take an anti-cyclical approach and strengthen its Research and Sales Teams during the reporting period by recruiting young talents as well as experienced specialists.

These investments in high research quality and our efforts to broaden and diversify the client base are beginning to pay off. The internationally oriented Sales Team was able to establish and deepen new business relationships with major foreign investors during the past year. These included professional investors in the UK, Ireland, the Netherlands and the USA. In the US market we work closely with our partner Auerbach Grayson. The share of turnover generated through foreign investors as of year-end stood at 60%. Overall, the bank's share of brokerage business (measured as a percent of turnover in Swiss stocks on the SIX Swiss Exchange) increased by 13%.

Brokerage fees and commissions by region

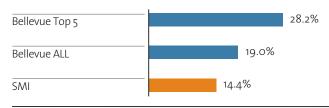


Strong outperformance from research recommendations

Bank am Bellevue's original and exclusive investment recommendations generated substantial value for clients in 2012. The top 5 recommendations produced an aggregate return of 28.2%, which represents an outperformance of 13.8% over the SMI. The composite performance, based on all recommendations, was 19.0% in 2012, whereas the SMI advanced 14.4%.

Bank am Bellevue's recommendations have also performed well from a longer-term perspective: Since 2004 its top 5 investment recommendations have outperformed in 25 of 36 quarters. Average annual performance amounted to approximately 15.1% for the top 5 compared to 3.5% for the SMI. The composite performance, based on all recommendations we issued, was better than the total market performance in 28 of 36 quarters, achieving an average return of 14.4% p.a. versus 3.5% for the SMI.

Research recommendations vs. SMI, 2012



Tier 1 ratio Bank am Bellevue

48.5%

Outlook

An immediate turnaround in investor activity is not likely to happen anytime soon. Nevertheless, there is still demand for capital market expertise from a highly specialized local broker in the Swiss market, but in the current environment this is not reflected in notably higher income flows. The business model of a local broker requires proven specialists in the areas of research, sales and trading. In an environment of low trading volumes, cost/income ratios will inevitably rise. However, we are convinced that this business will generate attractive across-the-cycle returns for shareholders going forward.

Serge Monnerat, CEO Bank am Bellevue



Bellevue Asset Management – turn-around accomplished, growth perspectives maintained

Key elements of our strategy and philosophy

Specialization on competence and innovation

- 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

Quality of performance and risk management

- 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

Client focus and service

- Broad, internationally diversified client base
- Distinct proximity to customers and profound market knowledge
- High responsiveness and availability
- Transparent and comprehensive communication and reporting

Bellevue Asset Management returned to the profit zone thanks to the steadfast realignment of its business model and disciplined cost management. Assets under management grew 8% to nearly CHF 2 billion, primarily because of the positive market performance and the company's attractive product portfolio. The revised and downscaled business model for Bellevue Asset Management lays the basis for its sustained success and offers good growth prospects underpinned by the sound quality of the recurring income flows.

Operating income increased significantly by 43% from CHF 17.1 million to CHF 24.4 million despite the lingering effects of action taken to realign the company's business model. The growth in operating income was largely attributable to the revised fee structure for the BB Biotech mandate and to the slight increase in assets under management. At the same time the cost-savings and restructuring program initiated during the previous year produced the desired results and total operating expenses for the year showed another decline of 8%. Much of these savings came from a reduction in the workforce of 13% (or 6.4 full-time equivalents, annual average). Bellevue Asset Management's workforce now numbers 42.8 full-time equivalents. After-tax profit for the division amounted to CHF 9.1 million, of which profit from operating activities (excluding gains on financial investments and other non-operating items) amounted to CHF 6.9 million (previous year: CHF - 2.0 million). Investments in the company's own products (seed capital) were drawn down, thereby significantly reducing the risk of losses on financial investments. The repayment of the seed capital also lowered equity capital requirements, which created the basis for a clearly higher return on equity in the year under review as well as in subsequent reporting periods.

Business model further streamlined and strengthened

We steadfastly pursued our efforts to recast and refine our business model in keeping with the core elements of our business strategy and philosophy. Our core competencies in healthcare and regional investment themes were further expanded and strengthened while other components of the product range that offered little or no growth potential were phased out. Ongoing adjustments to the divisional offering of investment products and services are being made in strict adherence to the following points:

- Existence of appropriate competencies and quality in the required areas
- Regulated products with high level of liquidity and transparency
- Relevance of the offering from the client's viewpoint (market demand)

The resulting, revised business model is now focused on the following 3 elements:

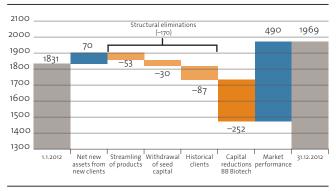
- 1. BB Biotech AG, the exchange listed investment company established in 1993
- 2. Various BB Biotech Ventures funds (private equity) which were launched after 1995
- 3. A diversified range of specialized investment funds and mandates in the areas of healthcare, regional niches (Europe & New Markets) and mixed strategies

We are confident that the recent adjustments to our strategy have created an attractive and effective set of business parameters that will ensure a high amount of recurring income, enduring scalability with regard to organizational and cost structures, as well as a comparatively low level of required capital.

Moderate asset growth and new money inflow

Despite the surprisingly strong performance of stock markets and the good dynamics of our investment strategies, the growth in assets under management was a modest 8% or CHF 138 million to CHF 1.97 billion. This growth was largely driven by the positive market performance (CHF +490 million), while net new money (CHF -352million including the reduction of capital at BB Biotech AG) was on the whole disappointing.

Net new money 2012 (in CHF mn)



Besides the pleasing, albeit modest new money inflow of about CHF 70 million in new products and target groups, we are encouraged by the fact that the effects of most of the major strategic and structural eliminations (in terms of products and client segments, repayment of seed capital) are one-time in nature.

Product performance and quality

We can look back on a very good performance in 2012. All of our investment strategies and products earned money for our investors during the past year. BB Biotech AG was clearly the top performer with a gain of 42% (share price in CHF).

Relative performance was likewise very solid as two-thirds of our investment strategies and products outperformed their benchmarks. Several of our investment funds, for example, in the Entrepreneur and Africa segments, made it to the top of the performance rankings for their category. This very pleasing accomplishment is largely attributable to our highly selective and disciplined stock-picking strategy together with a sound and balanced portfolio construction.

Clients and marketing

Quantitative growth was much lower than expected. This development is attributable to our business model's focus on equity investments. Although stock markets made considerable gains in 2012 and in some cases reached new record highs, the general investment community showed little appetite for stocks.

From a qualitative perspective, we succeeded in expanding our client base and maintaining an internationally diversified presence despite extremely intense competition for investment assets. Growing acceptance and recognition of our niche offering as well

as the greater demand and increasing momentum from investors willing to take on more risk are also grounds for optimism going forward. A good indicator is the growing interest of major national and international intermediaries and institutional market participants, and the fact that our investment products are increasingly being added to their lists of recommended investment vehicles. At the strategic level, our distribution efforts are focused primarily on institutional and intermediary channels.

From a regional perspective, we mainly concentrate on Europe. In response to promising feedback due to the distinct profile of our offering, we have intensified our activities in Germany and the UK as well as in Scandinavia.

Outlook

Near-term growth is limited in the current market environment but we remain committed to our business model and its strong equity expertise profile. The recent adjustments to our strategy and organization have given us a sound and sustainable operating basis with sharply higher recurring income flows and a flexible, scalable cost structure, securing our prospects of achieving attractive levels of profitability and returns on equity. The fundamental arguments for equities and our long-term growth remain intact, but our general outlook for the short to mid-term future is guardedly positive.

André Rüegg, CEO Bellevue Asset Management

An investment boutique's longterm success is determined by the quality of its products and their relevance for investors.

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In your view, what are the main challenges for the insurance industry in 2013?

Andreas Frick: The insurance industry has to respond to declining investment yields. Since solvency requirements make it difficult to compensate low 'risk-free' yields by high-yield/ high-risk investment, the industry has to increase insurance rates in order to improve the underwriting result.

But available risk capital, i.e. supply, in the sector might boost competition, thereby putting pressure on prices?

Andreas Frick: Our analysis shows, that available risk capital resp. capacity seems to be overstated significantly when looking at reported shareholders' equity. Note that shrinking interest rates have boosted unrealized gains on bonds. Excluding these unrealized gains and compared to demand, capacity has probably contracted rather than grown recently.

Why are so many investors disappointed about the banking sector?

Marc Deuster: Since the outbreak of the financial crisis in 2007, the performance of the banking sector has been subject to extreme swings in sentiment, and volatility has been much higher compared to other sectors. In our view, banks are unsuitable for a simple "buy and hold" strategy, but require in-depth analysis and active trading.

Should investors simply ignore the banks and focus on other areas?

Marc Deuster: Within the Stoxx Europe 600 index, banks have the second highest weight, which makes them almost impossible to ignore. Given its significant volatility, the banking sector can be an important source of outperformance (vs. the broader index) if "played well". Due to the wide performance spread between top performers and laggards, stock-picking and quality research are particularly relevant.



Marc Deuster and Andreas Frick, Research

Research at Bank am Bellevue – "to the point" equity research recommendations

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 around a dozen analysts on the Research Team covering the banking, insurance, healthcare and industrial sectors is to help our clients to make money in Swiss equities. Our experienced employees do this by providing:

- 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. The Research Team offers a broad range of tailored products and services. It prides itself on its short, snappy and "to-the-point" written research in the form of e-mails, notes, reports and models. Meetings with our analysts and with top management of 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 that 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

In its recommendations, Bank am Bellevue uses an easy-to-understand rating system, employing terms such as "Buy", "Hold" and "Sell". Our research is based on fundamental analysis using our proprietary "4M Model" (Market, Money, Management, Momentum) and applicable to a 12 to 18 month time horizon. In special cases (e.g. turnaround situations, restructuring, corporate actions) the time horizon may be longer, but initial triggers should be identifiable within 12 to 18 months.

The Research Team adheres to a rigorous process which 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 analysis; 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 people are well-connected and possess unrivalled local expertise.

Added value quantifiable in numbers

As a result of our research approach, our recommendations, measured by our proprietary "Top 5" list, have outperformed the broader SMI Index by a cumulative +141% percentage points since 2004. The "Top 5" list, is a list of 5 stocks which we believe present the most attractive investment opportunities for the next calendar quarter.





Bank am Bellevue's 4M Model

- High growth
- High pricing power
- Low competition
- Low product substitution

- Strong experience / competence
- Clear communication
- Track record for achieving financial targets
- Clear strategy
- Good corporate governance
- Access to management

- Balance sheet intact

- High EPS growth

– High sales growth

- Product innovation

- Positive margin expansion

– High operational cash flow

- Good news flow
- Exposure to trends such as
 - US recovery
- Emerging Markets
- Potential change in analyst
- expectations
- Chart positive

Corporate Finance at Bank am Bellevue – independent expertise in Swiss capital market

Our core offering

Capital market transactions

- IPOs
- Public and private placements
- Capital increases, convertible bonds
- Block trades
- Market-making

Strateg	ic transact	ions

- Mergers & acquisitions
- mergers & acquisitions
- Private equity (buy-outs/ins)
- Tender offers
- Valuations
 Proxy fights
- Going privates

Capital structure

- Capital structure optimization
- Share buybacks
- Restructurings

There are no off-the-shelf solutions for Bank am Bellevue's Corporate Finance unit, a small and agile team that offers creative, customized solutions and prides itself on standing out from the competition. Quality comes before quantity, be it with regard to the internal organization or the projects it accepts. During the past year the team managed several advisory mandates, a larger M&A transaction and a share capital increase.

The Corporate Finance Team at Bank am Bellevue is specialized in capital market transactions, strategic transactions and capital structuring transactions. Within these three areas, the primary emphasis is on initial public offerings (IPOs), share capital increases and M&A transactions in which at least one of the parties involved is listed on the stock market.

Advisory competence and placement power

A specialty of the team is evaluating large blocks of stock held in listed companies and, together with the brokerage specialists at Bank am Bellevue, placing them with first-rate institutional investors globally without putting pressure on the share price. Other transactions, for example M&A transactions involving privately held companies, are conducted on an opportunistic basis.

We see ourselves as a reliable, competent and professional partner for our clients and all parties who retain our services. Our experienced and specialized team is selective about the mandates it accepts. The prospects of bringing a transaction to a successful conclusion will be carefully analyzed and considered before taking on a mandate. Once a mandate is accepted, the transaction will be guided to a successful conclusion by one and the same person. Project management is always in the hands of experienced specialists so the client has a qualified contact person to turn to throughout the transaction.

Compared to competing firms, Bank am Bellevue's Corporate Finance Team is positioned as a compact, flexible organization that operates with a flat hierarchy and rapid decision-making structures and processes. Access to the Group Executive Board is assured at all times, which quickens its reaction times and cuts corporate bureaucracy. Our motto is to develop creative ideas beyond mainstream thinking that unlock true value. Instead of offering conventional, run-of-the-mill solutions, we develop concepts that are tailored to specific needs. And we value an open and active dialog with our clients.

Partner for small and mid-caps

As a Swiss financial boutique, we are well connected with the local market. The Corporate Finance Team has established extensive ties to the Swiss market. It also benefits from first-class research resources and its access to a large and professional network of HNWI and investors, as well as its access to other companies within Bellevue Group, all the while upholding the principles of independence and confidentiality. Our primary target group is companies like our own, i.e. small and mid-sized companies listed on the Swiss market.

Executed transactions

During the past year we were able to successfully conclude a capital increase and an M&A transaction. Despite the weakness in the market, we have managed three IPOs since the summer of 2008 and acted as lead manager in two of those transactions. During the same time frame only six companies went public in Switzerland. This positive track record is consistent with our performance in previous years. In every year since the outbreak of the financial crisis, the Corporate Finance Team has successfully concluded at least two transactions requiring several months of coordination and execution and it has made a substantial contribution to Bellevue Group's operating results.

Number of IPOs managed between 2008 and 2012

3 (out of a total of 6 IPOs in Switzerland)

What are your expectations regarding the capital markets in 2013?

Kalina Scott: A lasting solution to the European debt crisis is not in sight, which is actually not surprising. It will take some time to achieve meaningful reductions in government debt in Europe and the USA. In the best case, financial markets will learn to accept this situation as the new normal and the whole issue will be ignored, consciously or not. However, as long as there are no convincing and coherent solutions, temporary bouts of turmoil cannot be ruled out.

Friedrich Dietz: One can't expect any miracles as far as capital market transactions are concerned. So long as investors hold only a small portion of their investments in equities, transactions will remain a challenge, especially transactions in shares with lower liquidity.

In recent years the number of companies going public in Switzerland has slowed to a trickle. What needs to happen to bring more IPOs to the market?

Friedrich Dietz: First of all, investor trust in the stock market needs to be restored. More active investors would bring more liquidity into the capital market, which would be especially helpful for the small and mid-cap segments. On the other hand, debt financing is simply too attractive at the present time – at least for those companies that can access the credit market. Negative surprises such as a default event, or rising interest rates in the wake of rising inflation, would make going public a more viable option again.

How does Bellevue's Corporate Finance profile itself in the marketplace?

Kalina Scott: Clients get capital market expertise and know-how for M&A transactions from a single team, which clearly sets us apart from the corporate finance departments at other banks. We are also able to express independent, autonomous opinions, completely free of conflicts of interest. As a small unit, we can stay in business only as long as the quality of our services is convincing. That also means presenting clients with new or different pathways to their goals and creating genuine value for them in the process.

Kalina Scott and Friedrich Dietz, Corporate Finance



Biotechnology – medical progress reflected in share prices

Biotech investors will surely have good memories of 2012, a year which saw the sector advance 31.9% (in USD). These gains were primarily fueled by fundamental factors such as new product approvals, strong clinical data, innovative technology breakthroughs and widespread takeover activity. The current year is not expected to be much different, considering the many important company milestones on the calendar.

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

(in 2012)

Transitioning to a mature industry

During the course of 2012 the Nasdaq Biotech Index rose beyond its previous record high set during the genomics bubble in the year 2000. In contrast to back then, however, the biotechnology industry is now in a fundamentally different position. Many biotech companies today are operating at a profit and have demonstrated that they are indeed capable of successfully developing products and bringing them to market. This has not escaped the attention of the pharma majors and an increasing number of them have filled their pipelines either by taking over smaller biotech companies or by signing licensing or partnership agreements with biotech companies. In 2012 high premiums were paid for quite a few takeovers, giving the entire sector additional upside. BB Biotech's portfolio managed by Bellevue Asset Management included 4 companies that were taken over at premiums of up to 100% and more.

Average takeover premium paid in the sector



Pioneer in biotech portfolio management

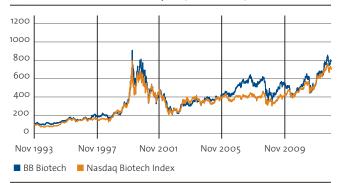
Bellevue Asset Management is one of the leading providers of investment vehicles focused on healthcare themes and it manages more than CHF 1.5 billion in specialized sector funds. The investment expertise of its 10 analysts and portfolio managers is channeled into various transparent investment products. 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 eventdriven, for example, when clinical 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 are contingent on having the right 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 become a widely recognized fixture within the biotech industry, having established a 19-year track record with an average annual return of 10% (in USD). It offers investors access to a carefully selected portfolio managed by specialists. Since its founding, the company'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

Key milestones are within reach for many of the companies in BB Biotech AG's portfolio. These include possible regulatory approval of new drugs at Immunogen and Celgene as well as important pipeline data from Gilead, Actelion and Vertex, to name but a few. We also assume that M&A activity will continue unabated since many large pharmaceutical companies are in need of new sales drivers as older products come off patent.

What were the main reasons for the biotech sector's excellent performance in the past year?

These gains are fundamentally well supported. Clinical and regulatory newsflow in 2012 was full of positive reports and this had a positive impact on sector valuations. Most of the biotech drugs that received marketing approval also generated convincing sales figures during the subsequent launch phase. Yet another price trigger was the wave of M&A, which continued to gain momentum, not least because of the low valuations.

Why should investors put their money in BB Biotech AG rather than investing directly in individual biotech stocks?

Investments in individual companies are generally exposed to higher risks. BB Biotech offers its shareholders a diversified portfolio with well defined priorities. It includes biotech companies generating high cash flows as well as firms with well-filled R&D pipelines and accordingly high upside potential.

What about the adjustments to BB Biotech AG's portfolio and were there any changes that are relevant to investors?

BB Biotech's portfolio has become more diversified in the past few years. We reduced the weightings of the top holdings and increased the number of promising small and mid-cap investments. A structured distribution policy was also introduced that is attractive for shareholders. The new policy is designed to produce an annual return of 10% through a combination of tax-efficient cash payments and share buyback programs.

What is your outlook for 2013?

A host of important Phase III data will be released during the course of 2013. Presumably, the USA FDA will continue to be somewhat favorably disposed to the industry, as was the case in 2012. Strong fundamentals are expected to make the biotech sector an outperformer in 2013 too.

Dr. Daniel Koller, Head Biotech

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M&A activities will continue since many large pharma players need new products to compensate for revenue decreases due to expiring patents.



What were the greatest challenges that you and your team had to overcome last year?

In the first half volatility was a big problem for investors. In the summer people were even worried that the Eurozone would fall apart. The second half of the year was marked by coordination, cohesion and hope, and this ushered in a strong rebound for European stocks. This change in sentiment prompted us to adjust our portfolio accordingly. Defensive stocks that had benefited from the widespread aversion to risk and become rather expensive were replaced with bargain-priced cyclical stocks.

Looking back on the investment strategy pursued by the BB Entrepreneur Europe Fund in 2012, what were the main performance drivers?

Our performance was broadly based in 2012 – nine of our top ten investments beat the benchmark performance. Generally speaking, our selection of both cyclical consumer goods and industrial stocks made a very positive contribution to overall performance. Among the top performers were Andritz and Pirelli, two stocks that have been in the portfolio since 2009. German stocks such as Gerry Weber and SAP also performed well, as did Scandinavian entrepreneurs such as Moeller Maersk, Elekta and Novo Nordisk.

What are the major developments expected for 2013 and how are you positioned for them?

2012 will go down in history as a macro year in which many stocks were marked up in the wake of an indiscriminate relief rally. 2013 is more likely to be a year for stockpicking. Fundamentals such as business models, company-specific risk, relative strength and valuations will probably garner more attention again. We will make every effort to build and maintain another top-performing portfolio from the available universe of top-rate entrepreneurs and generate more value for the fund's investors in 2013.

Birgitte Olsen, Head Entrepreneurial Investment Strategies

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Our entrepreneur universe offers outstanding quality and is both exciting and efficient for me as a stock-picker.

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Entrepreneurs – think in generations not in 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-thanaverage 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.

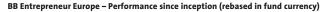
AuM in Entrepreneur strategies

CHF 214 m

(31.12.2012)

Entrepreneurs for entrepreneurs

Bellevue Asset Management is one of the investment pioneers in the entrepreneur space. Its BB Entrepreneur Europe (Lux) Fund was launched in April of 2009 and has since gained 86.1% in value, which compares well with the 55.9% increase in the Stoxx Europe 600 Index during the same period (data as of Dec. 31, 2012). Furthermore, BB Entrepreneur Europe (Lux) was the first entrepreneur-based fund to be given an "A" fund management rating from Standard & Poor's and its Senior Portfolio Manager Birgitte Olsen has earned both a Triple A rating from Citywire and a 5 Star rating from Morningstar. She also manages with her Team the BB Entrepreneur Switzerland. 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.





Number of interviews with entrepreneurs

30C

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

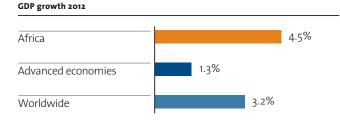
Africa became one of the fast-growing emerging market regions of the world since the turn of the millennium. Reforms, infrastructure investment and the spread of information and communications technology have brought substantial progress to Northern and Sub-Saharan Africa. New markets for capital have evolved and they now offer investors attractive risk-adjusted returns and diversification potential. Investors in the BB African Opportunities fund received appropriate compensation for the attendant risks as the fund gained 28% (in EUR) in value over the course of 2012.

Sights set on new horizons

Young, well educated Africans with high ambitions, growing consumption needs and a modern set of values are increasingly changing the face of society in Lagos, Kampala and Nairobi. Even in remote areas far from the urban areas, mobile phones are being used to pay bills, transfer money, engage in online business or take care of customs formalities. Thanks to political and economic reform, infrastructure spending and unrelenting demand for commodities, the economy in many African countries continues to hum, even though some regions are still suffering from political instability, corruption and poverty.

Surprisingly resilient

Many companies have learned to seek opportunities in the midst of crises. Nimble and flexible business leaders have quickly adapted to changing political, legal or economic settings. Ghabbour Auto, for instance, an Egyptian company that assembles, manufactures and distributes vehicles, was able to offset a plunge in domestic passenger car sales in the wake of political turmoil thanks to geographic diversification and a decision to expand its business with three-wheeled vehicles. Consumption-related growth has proven to be extremely resilient in the face of economic turmoil and was recently measured at a surprisingly fast pace of 5%.



Many of the countries in Sub-Saharan Africa no longer display the same dependencies, as illustrated by the shift in their export markets: As recently as the 1990s, 50% of these countries' exports went to Europe; that share is now down to 25%. Meanwhile Asia and other fast growing regions have become major trading partners for the continent. Together with the increasing intra-African trade within so-called regional economic communities, this has sparked new growth throughout the continent. Stock markets in Northern and Sub-Saharan Africa are mirroring this new dynamic with their above-average return potential and low correlations with global stock markets. They represent an attractive means of diversification for investors seeking to optimize their global emerging market allocation.

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)

How would you describe the performance of African stock markets last year?

2012 was a year of recovery on the African markets after a difficult 2011 that saw the outbreak of revolutions in Northern Africa, elections in the West and a drought in the East. Many African corporates surprised the market with their resilience and their capacity to quickly recover and adapt. The South African market started showing some signs of fatigue towards year-end due to labor conflicts. The renewed political tension in Egypt concerning the new constitution was also a disappointment.

Emerging stock markets in Northern and Sub-Saharan Africa are still at a relatively early stage of development and not even included in many investors' portfolios. What kind of investors are these markets suitable for?

Africa was ignored for far too long despite the progress it was making, both on the political and the economic front, and African stock markets have surely demonstrated that they offer investors attractive risk-adjusted returns. Emerging markets investors should consider putting a foot on the continent by allocating 1-2% of portfolio assets to Africa and then gradually increasing this exposure as further improvements are made.

What challenges do you see in 2013 and how has the portfolio been positioned to address them?

The greatest challenge remains the implementation of key economic reforms to encourage and promote investment in both the public and private sector. While some of these adjustments might be painful at first – such as ending fuel subsidies – they will ultimately contribute to sustained economic growth. Africa is at an important junction in its development and there are certainly some encouraging signs. In view of the reform efforts, we are taking a slightly contrarian approach and avoiding the consumer sector while favoring investment-related sectors such as banks, cement, construction.

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



Consumption in Egypt has proven to be extremely resilient in the face of economic turmoil and was recently growing at the surprisingly fast pace of 5%.



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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 and all other stakeholders. Key elements of our corporate governance policy are: a clearly defined, well-balanced distribution of 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 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.

Group structure and shareholders

Corporate structure as of 1 January 2013



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 75.

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	31.12.2012 Number of shares held	Voting rights held	31.12.2011 Number of shares held
			Ũ	
Martin Bisang, Küsnacht	20.48%	2 144 006	20.42%	2 144 006
Jürg Schäppi, Rapperswil-Jona	9.68%	1 014 016	9.66%	1 014 016
Urs Baumann, Pfäffikon	5.04%	528 062 ¹⁾	n/a	n/a
Daniel Schlatter, Herrliberg	4.98%	521 760	4.97%	521 760
Integralstiftung für berufliche Vorsorge	3.47%	363 500	3.46%	363 500
Hans-Jörg Graf, Wollerau	2.96%	310 000 2)	8.66%	908 985
Dieter Albrecht, Erlenbach	<3%	n/a	6.36%	667 500

 $^{1)}$ An additional 310 000 shares via purchased call options, corresponding to 2.96%, i.e. including derivatives 8.00%

 $^{\rm 2)}$ Disposal of 310 000 shares via written call options, corresponding to 2.96%, i.e. including derivatives 0.00%

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.

Capital changes

Bellevue Group AG announced in its press release issued on July 25, 2008 that it was buying back up to 500 000 of its own registered shares for the purpose of a capital reduction. Trading on the second line of trading opened for this program commenced on August 4, 2008. On November 27, 2009 Bellevue Group AG announced that the share buyback program would be extended to July 29, 2011. At the end of this period the company had repurchased a total of 30,000 registered shares. 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 0000. The entry was made in the Commercial Registry on 29 June 2012.

Information on the composition of capital and the changes of the past two years and on conditional and authorized capital is given in the statement of shareholder's equity and in note 4.7 on page 59. 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 2013:

	Function	Nationality	Member of Board Committee ¹⁾	First elected	Elected until
Walter Knabenhans ²⁾	Chairman	CH	CC ³⁾ , AC ⁴⁾	2006	2013
Dr. Thomas von Planta ²⁾	Member	CH	AC ³⁾ , CC	2007	2013
Daniel H. Sigg ²⁾	Member	CH	AC, CC	2007	2013

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

²⁾ Independent as per FINMA-RS o8/24: 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

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 of Corporate Finance, member of the extended Executive Boardg
- 1992–2002 Goldman Sachs, lastly in London, Equity Capital Markets Group & Investment Banking Divisio

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
- Mandates:
 - Member of the Board of Directors of VP Bank
 - 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 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).

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 (article 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 departmens within Bellevue Group.

Information and control instruments relating to the Group Executive Board

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

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

The Group Executive Board

The Group Executive Board comprised the following persons as at 1 January 2013:

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
- Mandates:
 - Member of the Board of Directors of Swiss Asia Banking School AG
 - 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.

There was no change in the basic fee for 2011, the amount of which remains as follows (the amounts below do not include social security:

- Chairman of the Board of Directors: CHF 110 000
- Other members of the Board of Directors: CHF 55 000
- Chair of Chairman/Audit Committees: CHF 15 000 extra (per committee)
- Members of Chairman/Audit Committees: CHF 10 000 extra (per committee)
- Member of a Board of Directors on behalf of Bellevue Group: usually an extra CHF 10 000 (per mandate)
- Additional all-in expenses from CHF 5000 to CHF 10 000

In 2012, each director were awarded 1 000 shares of Bellevue Group AG with a two-year blocking period (previous year: none).

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 61).

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 CHF 240 000 to CHF 300 000 (previous year: unchanged); 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 CHF 51 000 to CHF 170 000 for 2012, i.e. from 17% to 68% of basic salary. Payments are made in cash up to CHF 100 000; any excesses above that threshold are awarded in the form of shares of Bellevue Group AG and subject to a two-year lock-up period.

Furthermore, CHF 177 000 of variable salary awarded in 2010 was paid during the year under review. Payment was conditional on employment being unterminated as of July 2012.

Variable salary for members of the Group Executive Board in the previous year ranged from CHF o to CHF 125 000, i.e. from 0% to 50% of basic salary. In April 2012, 70% of variable salary was paid in the form of shares of Bellevue Group AG, subject to a two-year lock-up period.

The Board of Directors has created a blocked share program for the Group CEO. Under this program, 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 (page 61).

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 from 2010. 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 2012 amounts to CHF o (previous year: CHF o).

On the other hand, a new minimum bonus pool has been calculated for the Bank am Bellevue segment since 2012. This is based on operating turnover. If the operating profit pool defined above is smaller, the minimum bonus pool applies. For 2012, this amounts to CHF 1.6 million.

For 2012, no discretionary variable salary were granted (previous year: CHF 2.8 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.

For 2012, variable salary up to CHF 100 000 is paid in cash. A choice exists for payment of any excess, above the CHF 100 000 threshold: it can 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 is greater than CHF 200 000, the amount in excess of the CHF 200 000 threshold is allocated only twelve months later, provided that the employment has not been terminated at that time.

In the previous year, variable salary up to CHF 10 000 was paid in cash. Above that threshold, 70% of the total amount was awarded in the form of shares of Bellevue Group AG, subject to a two-year lock-up period.

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 2012, variable salary of CHF 2.8 million was based on portfolio management (previous year: CHF 2.1 million). CHF 2.5 million of this is paid to portfolio managers (previous year: CHF 2.1 million), while 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 article 704 of the Swiss Code of Obligations.

Notice convening the General Meeting of Shareholders

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

Placing items on the agenda

The rules governing the placement of items on the agenda are in conformity with article 699 of the Swiss Code of Obligations.

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 article 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. Thomas Romer has also served as statutory auditor since the 2008 fiscal year.

Fees paid to auditor

CHF 1000	1.131.12.2012	1.131.12.2011
Auditing fees billed by PwC	440	390
Additional fees billed by PwC for audit-related services	72	57

The additional fees primarily concern services in connection with projects and audit-related services regarding international accounting as well as legal or regulatory issues. 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 audit-ing work, the quality of the work performed and the independence of the external auditors. The external auditors have direct access to the AC at all times.

Information policy

As a company listed on the stock exchange, Bellevue Group AG pursues a consistent and transparent information policy in relation to its shareholders, clients and employees as well as to the financial community and the general public. Its regular reporting activities and venues comprise the publication of the annual and semi-annual reports and letters to shareholders as well as a media conference on the annual results and the General Meeting of Shareholders. When important events occur, the above-mentioned stakeholders will be concurrently informed by way of press releases. Sources of information, the financial calendar and contact adresses are listed on page 88 of the annual report.

Consolidated financial statements 2012

Consolidated income statement

CHF1000	Note	1.131.12.2012	1.131.12.2011		Change
Interest income		1 112	1626	-514	-32%
Dividend income		1 111	1 002	+109	+11%
Interest expense		-72	-187	+115	-61%
Net interest income		2 151	2 441	-290	-12%
Fee and commission income		37 843	37 670	+173	+0%
Fee and commission expense		-144	-271	+127	-47%
Net fee and commission income	3.1	37 699	37 399	+300	+1%
Securities trading		204	-2128	+2332	-110%
Foreign exchange trading		151	276	-125	-45%
Net trading income		355	-1 852	+2 207	-119%
Income from other financial assets at fair value		2 550	-9 579	+12129	-127%
Income from associated companies		2 550		+12 129 +2 334	-127%
Other ordinary income		2 783	2 334	+2 334 +684	+ 33%
Other ordinary expense		-7		-1	+ 55%
Other income		5 326		+15 146	-154%
		5 520	-9820	+13 140	-134%
Total operating income		45 531	28 168	+ 17 363	+ 62%
	3.2	-23 362	-25 722		-9%
Personnel expenses Other operating expenses	3.2	-23 362	-16 350	+2 360 +2 383	-9%
Depreciation	3.4	-2 795	-3 891	+1 096	-28%
Valuation adjustments and provisions	3.5	1 867	-47 042	+48 909	-104%
Total operating expenses	5.5	-38 257	-93 005	+ 54 748	-104% -59%
		- 58 257		+ 54 748	- 3976
Profit before tax		7 274	- 64 837	+72 111	-111%
Taxes	3.6	-746	123	-869	-707%
Group net profit		6 528	-64 714	+71 242	-110%
Basic earnings per share (in CHF)	3.7	0.64	-6.19	+6.83	-110%
sasie carnings per snare (in cin)	5.7	0.04	0.10	. 0.05	110/0

Consolidated statement of comprehensive income

CHF 1000	1.131.12.2012	1.131.12.2011		Change
Group net profit in the income statement	6 528	-64 714	+71 242	-110%
Other comprehensive income				
Currency translation adjustments	-35	77	-112	-145%
through other comprehensive income	2 296	1 640	+ 656	+40%
Total comprehensive income	8 789	-62 997	+71 786	-114%

Consolidated balance sheet

CHF1000	Note	31.12.2012	31.12.2011		Change
Cash		246 912	122 731	+124 181	+101%
Due from banks	4.1	87 253	118 829	-31 576	-27%
Due from clients	4.1	12 327	13 500	-1173	-9%
Trading portfolio assets	4.2	653	5 346	-4 693	-88%
Positive replacement values	4.2	3 004	1 644	+1360	+83%
Other financial assets at fair value	4.2	27 881	63 221	-35 340	-56%
Accrued income and prepaid expenses		1 727	3 023	-1 296	-43%
Financial investments	4.3	38 414	54 728	-16 314	-30%
Associated companies		47	1	+ 46	+100%
Property and equipment	4.4	746	1 253	-507	-40%
Goodwill and other intangible assets	4.5	56 283	58 568	-2 285	-4%
Current tax assets		8 981	6 776	+ 2 205	+ 33%
Deferred tax assets		111	891	-780	-88%
Other assets		1 290	1 497	-207	-14%
Total assets		485 629	452 008	+ 33 621	+7%
Due to banks		18 931	16 160	+2771	+17%
Due to customers		285 610	221 891	+63719	+29%
Negative replacement values	4.2	2 872	1 560	+1312	+84%
Accrued expenses and deferred income		7 026	8 559	-1533	-18%
Current tax liabilities		2 311	2 854	-543	-19%
Deferred tax liabilities		6 282	6 176	+106	+2%
Provisions	4.6	583	2 460	-1877	-76%
Other liabilities		800	1 721	-921	-54%
Total liabilities		324 415	261 381	+63 034	+24%
Share capital	4.7	1 047	1 050	-3	_
Capital reserves		27 250	27 250		
Unrealized gains and losses on financial instruments		17 466	15 170	+2 296	+15%
Currency translation adjustments		-507		-35	+ 7%
Retained earnings		118 130	149 998	-31 868	- 21%
Treasury shares	4.8	-2 172	-2 369	+197	-8%
Total shareholders' equity		161 214	190 627	-29 413	-15%
Total liabilities and shareholders' equity		485 629	452 008	+ 33 621	+7%

Statement of shareholders' equity

CHF 1000	2012	2011
Share capital		
On January 1	1 050	1 050
Change in share capital	-3	_
On December 31	1 047	1 050
Capital reserves		
On January 1	27 250	27 250
Change during period under review	-	-
On December 31	27 250	27 250
Currency translation adjustments		
On January 1	-472	-549
Change during period under review	-35	77
On December 31	-507	-472
Retained earnings		
On January 1	149 998	254 756
Group net profit		-64 714
Dividends and other cash distributions		-41 880
Income from the sale of own shares and derivatives		-103
Share capital reduction		_
Employee stock ownership plan		1 926
Other effects		13
On December 31	118 130	149 998
Other comprehensive income		
On January 1	15 170	13 530
Change in unrealized gains	2 296	1 640
On December 31	17 466	15 170
Treasury shares		
On January 1	-2 369	-1197
Purchases	-8 465	-7 502
Disposals	7 465	6 330
Share capital reduction	1 197	_
On December 31	-2 172	-2 369
Total		
On January 1	190 627	294 840
On December 31	161 214	190 627

Consolidated cash flow statement

CHF 1 000	Note	1.131.12.2012	1.131.12.2011
Cash flow from operating activities			
Group profit		6 528	-64 714
Reconciliation to net cash flow from operating activities			
Non-cash positions in Group results and other adjustments:			
Depreciation of associated companies		-	2 334
Depreciation of fixed assets	3.4	510	489
Amortisation of intangible assets	3.4	2 285	3 402
Change in provisions	4.6	-1844	-434
Impairment of goodwill		-	47 000
Tax expense / benefit	•	520	958
Deferred tax expense / benefit		886	-581
Change in fair value of financial assets and other financial assets at fair value		-93	8 414
Other non-cash items		-2 614	1836
Net increase / decrease in operating assets			
Due from banks		31 576	18 669
Due from clients		1 173	4 678
Trading positions and replacement values net		4 645	272
Accrued income, prepaid expenses and other assets		1 503	-425
Net increase / decrease in liabilities			
Due to banks		2 771	-12 139
Due to customers		63 719	4 644
Accrued expenses, deferred income and other liabilities		-2 454	-1122
Provisions		-33	-391
Taxes paid		-3 268	-3110
Cash flow from operating activities		105 810	6 25
Cash flow from investing activities			
Purchase of property and equipment	4.4	-3	-398
Purchase of associated companies		-46	-
Divestments of financial assets measured at fair value		-	5 000
Investment in other financial assets at fair value		-1986	-2 610
Divestment of other financial assets at fair value		40 028	25 463
Net cash flow from investing activities		37 993	27 45
Cash flow from francing activities			
Cash flow from fiancing activities Dividends paid		-34 585	-41 880
Net movements in treasury shares and derivatives on own shares		-1003	-1 172
Net cash flow from investing activities	·	-35 588	-43 052
Currency translation effects	·	-35	77
Net increase / decrease in cash and cash equivalents		108 180	-9 267
		100 100	520
Cash and cash equivalents at the beginning of the year		148 728	157 995
Cash and each aquivalants at the end of the year		256 908	140 700
Cash and cash equivalents at the end of the year		256 908	148 728
Cash and cash equivalents comprise:			
Cash		246 912	122 733
Immediately available repo-eligible securities		9 996	25 997
Total		256 908	148 728
Further information			
Cash received as interest	·	946	1 620
Cash paid as interest		72	17:
Cash received as dividends on equities	·	1 111	982
		1 111	90

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 2012:
- Amendments to IFRS 7 "Disclosures Transfers of financial assets" (effective on 1 July 2011, early application permitted)
- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets" (effective 1 January 2012, early application permitted, retrospective application)
- IAS 32 (amendment) "Offsetting financial assets and financial liabilities", (effective for annual periods beginning on or after 1 January 2014, earlier application permitted, retrospective application); clarification, that the right to set-off must be available today (and not contigent on a future event). Further, the right to set-off must be legally enforceable for alle counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

The entry into force of the standards and interpretations listed above have no impact on Bellevue Group's net profit or shareholders' equity.

1.2.2 Standards and interpretations that have not yet been implemented

The following new and amended standards and interpretations have to be applied for the financial year commencing after January 1, 2012 or later. Bellevue Group is not availing itself of the possibility of early application of these innovations:

– 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.

Bellevue Group has analysed the impact of the above mentioned standards and interpretations. Please refer to note 7.2 with respect to the impact based on the figures as of 31 December 2012.

- 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.
- 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".
- 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.

- 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.
- 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 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.

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

1.3.2 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 eposits at the Swiss National Bank as well as clearing balances at recognized giro regional banks and clearing banks) as well as immediately availabe repo-eligible securities.

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 criteria have been met. This type of income may be generated, for example, in the corporate finance or hedge fund businesses. 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 cash-flows 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. Bellevue Group only grants credit to selected counterparties and generally on a secured basis.

Securities lending and borrowing

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

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

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 are subject to a holding period. The estimated costs incurred for Bellevue Group is charged as personnel expenses on a proratatemporis 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 in accordance with the Swiss Occupational Pension Act (BVG), which are accounted for under "personnel expenses".

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.

Under IAS 19 the defined-benefit pension plan, i.e. pension assets, pension expenses and pension obligations are valued according to the projected unit credit method. The corresponding calculations are conducted on an annual basis by qualified actuaries.

The pension expense for the defined-benefit pension plan shown in the profit and loss account corresponds to the actuarially determined expense less employee contributions. The sum of these costs is accounted for in "personnel expense".

Actuarial gains and losses, once they exceed 10% of the greater of the calculated present value of pension plan obligations and pension plan assets at fair value, are written to the income statement on a straight-line basis over the expected average service time of employees covered by the plan.

A surplus, if any, is capitalized only if it is actually available to Bellevue Group in the form of future contribution refunds or reductions.

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 o8/2). 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 goodwill for impairment

For the methods used, please see the note in the annex to the consolidated financial statements, details on the consolidated balance sheet, item 4.5 "Goodwill and other intangible assets" on page 57.

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 ist 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 its contractual obligations. In the case of Bellevue Group, credit risk comprises:

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

Bellevue Group's 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 and 4.2 (page 54).

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 ath the individual operating unit level as well as at Group level. Market risks are minimized through constand 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 1.1 million (previous year: CHF 6.2 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 65 (previous year: +/- TCHF 535). 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 63. The net positions are given below:

CHF 1000	CHF	EUR	USD	Other
Net position on 31.12.2012		7 190	5 762	537
10% change in fair value	+/-1349			
Net position on 31.12.2011		5 858	-2 478	481
10% change in fair value	+/- 386			

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 ist 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 6.3 million), which would be P&L-effective.

Financial investments

The composition of the financial investments is defined and monitored by the respective Executive Boards or by the Group Executive Board. A 10% change in market value, in relation to the end-of-year figure, would result in a change of equity of CHF 2.1 million (previous year: CHF 1.8 million) for the financial investment calculated at fair value. Thereof, CHF 1.1 million (previous year: CHF 1.2 million) would be P&L-effective. The fair value is calculated using the intrinsic value method.

For the period under review a positive change in value in the amount of CHF 2.0 million was recognized in the other comprehensive income (previous year: negative change in value in the amount of CHF 1.5 million).

Balance sheet structure

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

- Bellevue Group is not active in the traditional lending and deposit business.
- Long-term loans at fixed rates are granted only in exceptional cases.
- Bellevue Group does not perform any proprietary trading in the area of foreign exchange.
- Foreign-currency loans with a fixed term are usually refinanced with matching maturities.

The interest rate risks are measured and monitored using various methods (sensitivity of equity capital, interest rate gap analysis, etc.). Assuming a parallel change in interest rates of 1% 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 risk refers to the risk of Bellevue Group or one of its operating units being unable to refinance its current or anticipated obligations on an ongoing basis at acceptable conditions. Liquidity risk refers to the risk of Bellevue Group or one of its operating units being unable to fulfill 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 65.

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 (tier 1 to tier 3). 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

As a result of the FINMA's recognition of the fair value option described in section V of the FINMA circular 2008/34 (adjustment of tier 1 capital), unrealized gains and losses arising from the application of the fair value option under IFRS are included in the calculation of tier 1 capital.

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 75 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 1000	31.12.2012	31.12.2011
Eligible capital ¹⁾	71 437	83 476
Required capital		
Credit risk	8 990	15 822
Non-counterparty related risks	373	627
Market risk	1 636	1 936
Operational risk ²⁾	6 840	7 739
Total required capital according to Swiss regulations (FINMA)	17 839	26 124

¹⁾ after dividend payment

Ratios

²⁾ using the basic indicator approach

Tier 1 capital ratio	32.7%	26.2%
Ratio of eligible / required capital according to Swiss regulations (FINMA, minimal requirement 150%)	400.5%	319.5%

3 Details on the consolidated income statement

3.1 Net fee and commission income

CHF 1000	1.131.12.2012	1.131.12.2011
Brokerage and Corporate Finance	14 452	20 438
Asset Management – management fees	21 833	15 354
Asset Management – performance fees	28	_
Other commission income	1 530	1 878
Fee and commission expense	-144	-271
Net fee and commission income	37 699	37 399

3.2 Personnel expenses

CHF 1000	1.131.12.2012	1.131.12.2011
Salaries and bonuses	19 010	21 324
Pension cost ¹⁾	2 053	1 972
Other social benefits	1 554	1 891
Other personnel expenses	745	535
Total personnel expenses	23 362	25 722

¹⁾ for further details see note 7.2 (page 70)

3.3 Other operating expenses

CHF 1000	1.131.12.2012	1.131.12.2011
Premises	2 123	2 196
IT, telecommunications and other equipment	4 206	4 124
Travel and representation, PR, advertising	2 974	3 565
Consulting and audit fees	2 124	3 403
Other operating expenses	2 540	3 062
Total other operating expenses	13 967	16 350

3.4 Depreciation

CHF 1000	1.131.12.2012	1.131.12.2011
Depreciation of property and equipment	510	489
Depreciation of intangible fixed assets	2 285	3 402
Total depreciation	2 795	3 891

3.5 Valuation adjustments and provisions

CHF 1 000	1.131.12.2012	1.131.12.2011
Value adjustment goodwill (impairment)	-	47 000
Release/additions of other provisions	-1867	42
Total valuation adjustments and provisions	-1867	47 042

3.6 Taxes

CHF 1000	1.131.12.2012	1.131.12.2011
Current income taxes	364	818
Deferred income taxes	382	-941
Total taxes	746	-123
Pre-tax result	7 274	-64 837
Expected rate of income tax	19%	19%
Expected income tax	1 382	-12 319
Reasons for higher/lower admounts:		
Difference between applicable local tax rates and assumed	-1177	-191
Swiss tax rate	541	10 102
Non-deductible expenses	-	2 285
Total income taxes	746	- 123

CHF 1000	31.12.2012	31.12.2011
Expense related to share-based compensation	14	87
Intangible assets	2 322	2 753
Actuarial BVG provisions	-	-106
Unrealised profits on financial instruments	3 834	3 330
Other provisions	112	112
Total deferred tax liabilities 1)	6 282	6 176
Actuarial BVG provisions	111	-
Tax-loss carryforward	-	891
Total deferred tax assets ¹⁾	111	891

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 1000	1.131.12.2012	1.131.12.2011
Group net profit	6 528	-64 714
Weighted average number of issued registered shares	10 484 917	10 500 000
Less weighted average number of treasury shares	-218 530	-38 023
Weighted average number of shares outstanding (undiluted)	10 266 387	10 461 977
Dilution effect	-	_
Weighted average number of shares outstanding (diluted)	10 266 387	10 461 977
Undiluted earnings per share (in CHF)	0.64	-6.19
Diluted earnings per share (in CHF)	0.64	- 6.19

4 Details on the consolidated balance sheet

4.1 Due from banks and clients

CHF 1000	31.12.2012	31.12.2011
Due from banks	87 253	118 829
of wich from securities transaction processing	9 839	49 413
Total	87 253	118 829
Due from banks, by type of collateral		
Unsecured	87 253	118 829
Total	87 253	118 829
Due from clients	12 327	13 500
of wich private clients	3 202	7 866
of wich corporate clients	9 125	5 634
Total	12 327	13 500

Other collateral 1)	12 273	13 177
Unsecured	54	323
Total	12 327	13 500

¹⁾ Securities only

4.2 Financial instruments at fair value through profit and loss

CHF 1000	31.12.2012	31.12.2011
Trading portfolio assets		
Equity instruments		
Listed	653	1 018
Unlisted	-	4 328
Total	653	5 346
Total portfolio assets	653	5 346
of which repo-eligible	-	_
of which lent or delivered as collateral	-	
Trading portfolio liabilities		
Equity instruments	-	
Total	-	_

CHF 1000	Positive replacement value	Negative replacement value	Contact volumen
Open derivative instruments			
Foreign currency as at 31.12.2011			
Forward contracts (OTC) ²⁾	207	188	33 677
of which hedge purpose	82	63	29 061
Equity investments as at 31.12.2011			
Futures 1)			13 522
of which hedge purpose		_	9 004
Options (OTC) ²⁾	1 372	1 372	30 489
of which hedge purpose		-	-
Options (exchange traded) 1)	65	_	1 335
of which hedge purpose	65	_	1 335
Foreign currency as at 31.12.2012 Terminkontrakte (OTC) ²⁾	-	14	10 692
of which hedge purpose	-	14	10 692
Equity investments as at 31.12.2012			
Futures 1)	-	-	6 791
of which hedge purpose	-	-	2 559
Options (OTC) 2)	2 858	2 858	84 177
of which hedge purpose	-	-	_
Options (exchange traded) 1)	146	-	3 189
of which hedge purpose	146	-	3 189
 Level 1: listed on an active market Level 2: valuated on the basis of models with observable input factors 			
CHF 1000		31.12.2012	31.12.2011

Other financial assets at fair value through profit and loss		
Investment funds subject to Luxembourg law	18 491	34 131
Other investment funds	9 390	29 090
Total other financial assets at fair value through profit and loss	27 881	63 221

4.3 Financial investments

CHF 1000	31.12.2012	31.12.2011
Valued at amortized cost		
Debt instruments	15 995	34 993
of which listed	15 995	34 993
Total financial investments	15 995	34 993
Valued at fair value		
Debt instruments	1 119	1 235
of which unlisted	1 119	1 235
Equity instruments 1)	21 300	18 500
of which unlisted	21 300	18 500
Total financial investments	22 419	19 735
Total financial investments	38 414	54 728
of which repo-eligible securities	9 996	25 997

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

Fire insurance value of property and equipment as of 31.12.2012

In the year under review, financial investments amounting to CHF 2.8 million were revalued without affecting net income. This took account of CHF 0.5 million of deferred taxes.

4.4 Property and equipment

CHF 1000	Furniture and fittings	IT equipment	Total
Acquisition cost			
Balance as of 01.01.2011	5 990	637	6 627
Additions	191	207	398
Disposals	-515	_	-515
Balance as of 31.12.2011	5 666	844	6 510
Additions	-	-	-
Disposals	-421	-	-421
Balance as of 31.12.2012	5 245	844	6 089
Accumulated depreciation			
Balance as of 01.01.2011	-4 983	-300	-5 283
Additions	-286	-203	-489
Disposals	515	-	515
Balance as of 31.12.2011	-4 754	-503	-5 257
Additions	-292	-218	-510
Disposals	424	-	424
Balance as of 31.12.2012	-4 622	-721	-5 343
Net carring values 31.12.2011	912	341	1 253
Net carring values 31.12.2012	623	123	746
Additional information on property and equipment			
Fire insurance value of property and equipment as of 31.12.2011	4 500	4 000	8 500

4 500

4 0 0 0

8 500

4.5 Goodwill and other intangible assets

Bank	Asset	Total
am Bellevue	Management	
97 374	62 915	160 289
97 374	62 915	160 289
97 374	62 915	160 289
- 36 374	-32915	- 69 289
-36 374 -65 374	- 32 915 - 50 915	- 69 289 -116 289
-65 374	-50 915	-116 289
	am Bellevue	am Bellevue Management 97 374 62 915 97 374 62 915

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. Possible goodwill impairments are assessed by determining the recoverable amount for the individual cash-generating units (the smallest identifiable group of assets that gnerates cash inflows that are largely independent of the cash inflows from other assets or groups of assets) within these segments and comparing that amount with the carrying value of the respective unit.

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.

Owing to continued low business volumes and reduced income flows, the Board of Directors and Executive Board revised their assessment of future earnings downward in the summer of 2011. Consequently, goodwill impairment losses of CHF 47 million were recognized in the interim accounts and extraordinary depreciation of CHF 1 million was booked under other intangible assets (see press release dated July 13, 2011). Impairment tests were conducted again at the end of 2011. The discount rate used in these calculations was 9.2% (previous year: 9.9%) and the assumed growth rate was 1% (previous year: 1%). No further impairment losses were identified. Even at constant discount rates, there would have been no impairment.

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 favorable development of the market environment which is reflected in the respective growth of the key parameters such as assets under management and turnover, which will have a positive effect on the income situation.

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

Changes 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.

CHF 1000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 01.01.11	78 617	1 179	3 237	83 033
Balance as of 31.12.11	78 617	1 179	3 237	83 033
Balance as of 31.12.12	78 617	1 179	3 237	83 033
Accumulated valuation adjustments				
Balance as of 01.01.11	-60 647	-1179	-3 237	-65 063
Additions	-3 402	_	_	-3 402
thereof due to impairment	-1 000	_	_	-1000
Balance as of 31.12.11	-64 049	-1 179	-3 237	-68 465
Additions	-2 285		_	-2 285
Balance as of 31.12.12	-66 334	-1 179	-3 237	-70 750
Net carrying values 31.12.11	14 568	_	_	14 568
Net carrying values 31.12.12	12 283	-	-	12 283

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

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

2013	2 285
2014	2 285
2015	2 013
2016	1 200
2017	1 200
2018	1 200
2019	1 200
2020	900
Total	12 283

4.6 Value adjustments and provisions

CHF 1000	Actuarial BVG provisions	Other	2012 Total	2011 Total
Balance at the beginning of the year	560	1 900	2 460	6 811
Utilization in conformity with intended purpose	-	-33	-33	-3 917
New charge to profit and loss account	23	-	23	42
Write-backs credited to profit and loss account		-1867	-1867	-476
Provisions as at the balance sheet date	583	-	583	2 460

Other provisions consist of provisions for business and process risks and other liabilities. Bellevue Group is 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. The creation and release of BVG provisions are recorded directly in the item "Personnel expenses".

4.7 Share capital / conditional capital / authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 01.01.11	10 500 000	1 050
Balance as of 31.12.11	10 500 000	1 050
Balance as of 31.12.12	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 01.01.11	1 000 000	100
Balance as of 31.12.11	1 000 000	100
Balance as of 31.12.12	2 000 000	200

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 members 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 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 members of the Board of Directors.

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

4.8 Treasury shares

	Number	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 01.01.2011		-
Purchases	158 941	5 155
Disposals	-153 886	-5 057
Balance as of 30.06.2011	5 055	98
Purchases	92 055	1 246
Disposals	-91 710	-1273
Balance as of 31.12.2011	5 400	71
Purchases	497 978	5 103
Disposals	-263 561	-2 831
Balance as of 30.06.2012	239 817	2 343
Purchases	112 728	1 050
Disposals	-126 045	-1 221
Balance as of 31.12.2012	226 500	2 172

Treasury shares held by Bellevue Group AG

30 000	1 197
	_
	-
30 000	1 197
83 968	1 101
	-
113 968	2 298
236 670	2 312
-320 638	-3 413
- 30 000	-1197
-	-
-	-
-	-

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:

- 83 968 shares at an average price of CHF 13.11 in the second half of the year 2011

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

4.9 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	Carring amount	Actual liability	Carring amount	Actual liability
Due from banks	49 315	-	41 063	-
Financial assets	11 896	-	25 997	_
Other assets	-	-	-	_
Total	61 211	-	67 060	_

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	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 01.01.—31.12.2012	404 330	-	35 250	19 690	459 270
Walter Knabenhans, Chairman	135 000	-	-	8 000	143 000
Daniel Schlatter, Vice Chairman 1)	80 000	-	-	4 800	84 800
Thomas von Planta, Member	85 000		_	5 120	90 120
Daniel Sigg, Member	99 585				99 585
Total 01.0131.12.2011	399 585	-	-	17 920	417 505

¹⁾ Resigned at ordinary general meeting of 19 March 2012

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 01.0131.12.2012	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⁾		-	360 894	129 200	742 484
 ¹⁾ Thereof CHF 177 500 from bonus 2010 (vesting ²⁾ Joined as of 1 March 2012 	g)				
Total 01.01.–31.12.2011	967 870	94 500	220 500	320 799	1 603 669
of which highest total compensation paid to: Hans-Peter Diener, CEO Bellevue Asset Management AG		21 000	49 000	92 360	441 990
of which paid to: Martin Bisang, CEO Bellevue Group AG		_	_	71 988	289 348

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

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

Number	Shares	31.12.2012 Call options ¹⁾	Shares	31.12.2011 Call options ¹⁾
Share and option holdings of members of the Board of Directors				
Walter Knabenhans, Chairman	184 500	-	167 500	-
Daniel Schlatter, Vice Chairman ²⁾	n/a	n/a	521 760	-
Thomas von Planta, Member	8 000	-	7 000	=
Daniel Sigg, Member	12 500	-	1 500	-

Share and option holdings

of members of the Group Executive Board				
Martin Bisang, CEO ³⁾	n/a	n/a	2 148 209	-
Urs Baumann, CEO 4)	528 062	310 000 5)	n/a	n/a
Daniel Koller, CFO	12 332	20 000	4 400	20 000
Serge Monnerat, CEO Bank am Bellevue	70 902	-	77 639	-
Hans-Peter Diener, CEO Bellevue Asset Management AG ⁶⁾	n/a	n/a	18 702	-
André Rüegg, CEO Bellevue Asset Management AG 7)	60 062	-	n/a	n/a

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

²⁾ Resigned at Ordinary General Meeting of 19 March 2012

3) Resigned as of 1 March 2012

⁴⁾ CEO Bellevue Group AG since 1 March 2012

⁶⁾ Resigned as of 1 Januar 2012

 $^{\eta}\,$ CEO Bellevue Asset Management since 1 January 2012

s) Exercisable as of 31.12.2012 (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 1000	Key management personnel 1)	Major shareholders ²⁾	Associated companies	Other related companies and persons ³⁾	Total
2012					
Due from clients	153	-	-	-	153
Due to clients	5 378	42 353	-	101	47 832
Interest income	2	10	-	-	12
Interest expense	-	-	-	-	-
Fee and commission income	9	238	147	-	394
2011					
Due from clients	-	605		-	605
Due to clients	12 612	3 641		90	16 343
Interest income		5			5
Interest expense					
Fee and commission income	34	293	262	1	591

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		e Board of Directors oup Executive Board
	2012	2011	2012	2011
Holdings of restricted shares on January 1	211 703	328 912	38 102	38 602
Shares purchased with holding period ¹⁾	-		310 062 2)	
Shares for which the holding period has lapsed 1)	148 944		20 756	
Shares of employees/members who have left the Group and transfers (reduction)	-36 023	-82 309	5 798	-500
Holdings of restricted shares on December 31	45 622	211 703	349 462	38 102

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 program. 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		e Board of Directors oup Executive Board
	1.131.12.2012	1.131.12.2011	1.131.12.2012	1.131.12.2011
Expenses recognized under personnel expenses for shares purchased at a discount	328	911	413	160
Expenditure on acquisition of discounted shares debited against bonus accrual for previous year	1 452	_	202	
Market value of restricted shares on December 31	1 577	2 932	3 434	528

6 Risk related to balance sheet positions

6.1 Balance sheet by currency

CHF 1000	CHF	EUR	USD	Other	Total
31.12.2012					
Cash	246 912	-	-	-	246 912
Due from banks	75 217	7 937	3 496	603	87 253
Due from clients	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	111	_	_	_	111
Other assets	1 198	_	92	-	1 290
Total on-balance-sheet assets	451 208	18 031	15 715	674	485 629
Delivery claims from spot and forward forex transactions and from forex options transactions	10 692	_	-	-	10 692
Total assets	461 900	18 031	15 715	674	496 321
Due to banks	15 557	3 358	-	17	18 931
Due to customers	279 563	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	583	-	-	-	583
Other liabilities	800	-	-	-	800
Equity	160 916	-	298	-	161 214
Total on-balance-sheet liabilities	475 389	7 823	2 279	137	485 629
Delivery claims from spot and forward forex transactions and from forex options transactions	_	3 018	7 674	_	10 692
Total liabilities and shareholders' equity	475 389	10 841	9 953	137	496 321
N. 4		7.100	5 7 6 2	537	
Net position per currency		7 190	5 762	537	

CHF	EUR	USD	Übrige	Total
122 731	_	_	_	122 731
110 445	6 161	1 712	511	118 829
13 349	76	75		13 500
4 929	417			5 346
1 371	198	75	_	1644
28 505	17 589	17 127	_	63 221
2 840	_	140	43	3 023
53 493	1 235	_	_	54 728
_	_	1	_	1
1 252	_	1		1 253
58 568	_		_	58 568
6 774		2		6 776
891				891
1 363	_	134		1 497
406 511	25 676	19 267	554	452 008
31 369	2 308			33 677
427.000	27.004	10.267	554	405 605
457 880	27 984	19 207		485 685
16 160				16 160
			/3	221 891
				8 559
		245		2 854
				2 460
				1 721
				190 627
439 433	4 491	8 011	73	452 008
2 308	17 635	13 73/		33 677
			<u>_</u>	110 66
441 741	22 126	21 745	73	485 685
441 /41				
	122 731 110 445 13 349 4 929 1 371 28 505 2 840 53 493 - 1 252 58 568 6 774 891 1 363 406 511 31 369 437 880 16 160 216 975 1 371 8 419 2 609 6 176 2 460 1 721 183 542 439 433 2 308	122 731 - 110 445 6 161 13 349 76 4 929 417 1 371 198 28 505 17 589 2 840 - 53 493 1 235 - - 1 252 - 58 568 - 6 774 - 891 - 1 363 - 406 511 25 676 31 369 2 308 437 880 27 984 16 160 - 216 975 4 343 1 371 126 8 419 22 2 609 - 6 176 - 18 3 542 - 183 542 - 439 433 4 491 2 308 17 635	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\begin{array}{c c c c c c c c c c c c c c c c c c c $

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 be- tween 1 and 4 years	Due after 5 years	Total
-----------	-----------	----------------------	------------------------	---------------------------------	--------------------------------------	----------------------	-------

Assets 246 912 Cash -_ _ -246 912 -Due from banks 87 149 _ 3 101 -87 253 Due from clients 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 -1727 _ 1727 1000 38 414 Financial investments -13 095 23 200 1 119 -Associated companies --_ _ 47 47 Property and equipment _ -16 90 640 _ 746 5 498 56 283 Goodwill and other intangible assets 44 000 --2 285 4 500 Current tax assets --_ 8 981 -8 981 Deferred tax assets _ 111 _ _ 111 Other assets 349 -851 49 41 1 290 Total assets 409 826 -3 826 26 788 30 202 14 987 485 629

Liabilities

31.12.2012

Total liabilities	296 114	-	16 299	5 563	4 873	1 566	324 415
Other liabilities	-	-	800	-	-	-	800
Provisions	-	-	-	583	-	-	583
Deferred tax liabilities	-	-	-	446	4 873	963	6 282
Current tax liabilities	-	-	-	2 311	-	-	2 311
Accrued expenses and deferred income	-	-	7 026	-	-	-	7 026
Negative replacement values	-	-	46	2 223	-	603	2 872
Due to customers	285 183	-	427	-	-	-	285 610
Due to banks	10 931	-	8 000	-	-	-	18 931

Liabilities

Contingent liabilities							
Credit guarantees	-	-	16 000	-	-	-	16 000
Irrevocable commitments							
Rental commitments	-	-	368	1012	3 948	-	5 328
Undrawn irrevocable credit facilities	-	-	180	-	-	-	180

	On demand	Subject to notice	Due within 3 months	Due within 3 to 12 months	Due be- tween 1 and 4 years	Due after 5 years	Total
31.12.2011							
Assets							
Cash	122 731						122 731
Due from banks	118 829		_		_	_	118 829
Due from clients	13 500	_				_	13 500
Trading portfolio assets	5 346						5 346
Positive replacement values			747	897			1 644
Other financial assets at fair value	63 221						63 221
Accrued income and prepaid expenses			2 926	97			3 023
Financial investments			5 000	14 003	34 490	1 235	54 728
Associated companies						1	1
Property and equipment		_	127	492	634	_	1 253
				2 285	6 583	5 700	58 568
	44 000						6 776
Goodwill and other intangible assets Current tax assets	44 000		-	6 776	-		
Goodwill and other intangible assets				<u>6 776</u> 891			891
Goodwill and other intangible assets Current tax assets							891 1 497
Goodwill and other intangible assets Current tax assets Deferred tax assets				891			1 497
Goodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks		-	762 9 562 14 500	891 86	165	30	1 497 452 008 16 160
Goodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers		-	762 9 562 14 500 413	891 86	165	30	1 497 452 008
Goodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities		- - - - -	762 9 562 14 500	891 86	165	30 6966 	1 497 452 008 16 160
Coodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities Negative replacement values		-	762 9 562 14 500 413 - 633	891 86 25 527 -	165 41 872	30 6966 	1 497 452 008 16 160 221 891
Coodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities Negative replacement values Accrued expenses and deferred income		-	762 9 562 14 500 413	891 86 25 527 - - -	165 41 872		1 497 452 008 16 160 221 891
Goodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities Negative replacement values Accrued expenses and deferred income Current tax liabilities		-	762 9 562 14 500 413 - 633	891 86 25 527 - - - - 927	165 41 872		1 497 452 008 16 160 221 891
Coodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities Negative replacement values Accrued expenses and deferred income			762 9562 14500 413 - 633 4945	891 86 25 527 - - - - - - - - - - - - - - - - - - -	165 41 872	30 6 966 	1 497 452 008 16 160 221 891
Goodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities Negative replacement values Accrued expenses and deferred income Current tax liabilities Provisions		- - - - - - - - - - - - - - - - -	762 9562 14500 413 	891 86 25 527 - - - - - - - - - - - - - - - - - - -			1 497 452 008 16 160 221 891
Goodwill and other intangible assets Current tax assets Deferred tax assets Other assets Total assets Liabilities Due to banks Due to customers Trading portfolio liabilities Negative replacement values Accrued expenses and deferred income Current tax liabilities Deferred tax liabilities		-	762 9562 14500 413 - - - - - 108	891 86 25 527 - - - - - - - - - - - - - - - - - - -		30 6 966 	1 497 452 008 16 160 221 891 1 560 8 559 2 854 6 176

1 560

1 560

-

6.3 Fair value of financial instruments

Financial liabilities at fair value

CHF 1 000			31.12.12			31.12.11
	Book value	Fair value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	246 912	246 912	-	122 731	122 731	_
Due from banks	87 253	87 253	-	118 829	118 829	-
Due from clients	12 327	12 327	-	13 500	13 500	-
Subtotal receivables	346 492	346 492	-	255 060	255 060	-
Financial assets	16 160	16 487	327	34 993	36 309	1 316
Financial assets at amortized costs	362 652	362 979	327	290 053	291 369	1 316
Trading portfolio assets	653	653	-	5 346	5 346	-
Positive replacement values	3 004	3 004	-	1 644	1 644	-
Other financial assets at fair value	27 881	27 881	-	63 221	63 221	-
Financial assets	1 119	1 119	-	1 235	1 235	_
Subtotal other financial assets at fair value						
through profit and loss	32 657	32 657	-	71 446	71 446	-
Financial assets	21 300	21 300	-	18 500	18 500	-
Financial assets at fair value	53 957	53 957	-	89 946	89 946	_
Liabilities						
Due to banks	18 931	18 931	-	16 160	16 160	_
Due to customers	285 610	285 610	-	221 891	221 891	
Financial liabilities at amortized costs	304 541	304 541	-	238 051	238 051	-
Trading portfolio liabilities		_	-	_	_	_
Negative replacement values	2 872	2 872		1 560	1 560	
	2072	2012		T 200	T 200	

2 872

2 872

The fair values of financial instruments shown on the balance sheet were obtained by the following methods:

CHF 1 000	Level 1	Level 2	Level 3	Total
31.12.2012				
Determination of fair value				
Trading portfolios	-	653	-	653
Derivative financial instruments	146	2 858	-	3 004
Financial assets at fair value	-	27 167	714	27 881
Financial investments available for disposal	-	22 535	-	22 535
Total assets at fair value	146	53 213	714	54 073
Derivative financial instruments	-	2 872	-	2 872
Total liabilities	_	2 872	-	2 872

31.12.2011

736	4 610		5 346
102	1 542	-	1 644
	62 489	732	63 221
-	19 735	-	19 735
838	88 376	732	89 946
40	1 520	_	1 560
40	1 520	-	1 560
	102 	102 1 542 - 62 489 - 19 735 838 88 376 40 1 520	102 1542 - - 62 489 732 - 19 735 - 838 88 376 732 40 1 520 -

The fair values of listed securities and derivatives in the trading portfolios and financial investments are determined from market listings on an active market **(level 1)**.

If no market listings are available, fair value is determined using valuation models or methods. The underlying assumptions are backed by observed market prices and other market listings **(level 2)**.

For the remaining financial instruments, neither market listings nor valuation models or methods based on market prices are available. For these instruments, we use our own valuation models or methods (level 3).

No instruments were reclassified during the period under review. There were also no level 3 transactions. All changes at level 3 were therefore attributable to changes in fair value.

7 Off-balance sheet and other information

7.1 Off-balance sheet

CHF 1 000	31.12.2012	31.12.2011
Contingent liabilities		
Credit guarantees	16 000	16 164
Total	16 000	16 164
Irrevocable commitments		
Rental commitments	5 328	2 899
Undrawn irrevocable credit facilities	180	212
of which payment obligation to "Einlagensicherung"	180	212
Total	5 508	3 111
Fiduciary transactions		
Fiduciary placements with third-party banks	-	25 248
Fiduciary credits	_	_
Total	-	25 248
Securities lending and pension transactions		
Book value of liabilities from cash deposits in securtities lending and repurchase transactions	-	
	- 10 264	
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	- 10 264	11 905
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	 10 264 31.12.2012	
Book value of liabilities from cash deposits in securities 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		
Book value of liabilities from cash deposits in securities 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 CHF mn		
Book value of liabilities from cash deposits in securities 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 CHF mn Assets under management	31.12.2012	31.12.2011
Book value of liabilities from cash deposits in securities lending and repurchase transactions Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions CHF mn Assets under management Assets with management mandate Assets with management mandate	31.12.2012	31.12.2011 1 859
Book value of liabilities from cash deposits in securities lending and repurchase transactions Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions CHF mn Assets under management Assets with management mandate Other assets under management	31.12.2012 1 975 1 636	31.12.2011 1 859 1 743
Book value of liabilities from cash deposits in securities lending and repurchase transactions Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions CHF mn Assets under management Assets with management mandate Other assets under management Total assets under management (including double counts) Example counts)	31.12.2012 1 975 1 636 3 611	31.12.2011 1 859 1 743 3 602

7.2 Employee benefit plans

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

With regard to the employee pension plans in Switzerland, contributions are paid by the employer and the employees. Under IAS 19 Swiss pension plans are regarded as defined benefit plans because they have a guaranteed interest rate and a stipulated conversion rate. With regard to pension plans that include elements of a defined benefits plan, the present value of pension obligations is determined using actuarial calculations based on the projected unit credit method. These calculations performed by independent experts are based on the number of years of service and the projected insured salary at a specified age or when entitlement to insured benefits arises (death, invalidity, termination). The most recent acutarial calculation was conducted as of December 31, 2012.

If the net accumulated unrecognized actuarial gains and losses at the end of the previous-year reporting obligations (so-called "corridor" approach), the excess gains and losses will be written to the income statement over the remaining working lives of the employees participating in the plan. The expected period of service ist currently 11.9 years.

CHF 1 000	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Consolidated balance sheet					
Fair value of plan assets	27 046	31 097	35 966	32 301	23 602
Present value of pension obligations	-29 535	-35 588	-41 722	-38 103	-29 807
Funding surplus/shortfall	-2 489	-4 491	-5 756	-5 802	-6 205
Unrecognized actuarial gains/losses	1 906	3 931	4 720	4 762	5 484
Net pension obligations	-583	-560	-1036	-1040	-721
Experience adjustments on plan assets	6.00%	-15.32%	-0.12%	-2.13%	-14.49%
Experience adjustments on plan liabilites	8.39%	15.43%	-0.04%	3.93%	-7.88%
CHF 1 000	1.131.12.2012	1.131.12.2011	1.131.12.2010	1.131.12.2009	1.131.12.2008
Consolidated income statement					
Actuarial service cost	-2 555	-2 982	-2 698	-2 644	-2 185
Interest cost	-755	-872	-1 334	-1043	-995
Expected return on plan assets	1 039	1 654	1 486	992	1 163
Actuarial gains / losses recognized	-37	-59	-102	-269	_
Gains/losses on elimination of discontinued business activities	-	_	_	_	-
Service cost for subsequent set-off	-	_	-124	_	_
Net pension cost for the period	-2 308	-2 259	-2 772	-2 964	-2 017
Employee contributions	255	287	333	320	300
Expense recognized					
in the income statement	-2 053	-1972	-2 439	-2 644	-1717
CHF 1 000	2012	2011	2010	2009	2008
Movement in net assets or liabilities					
Net pension obligations at 1 January	- 560	-1036	-1040	- 721	-1022
Expense recognized in the income statement	- 2 053	-1972	- 2 439	- 2 644	-1717
Employer contributions	2 030	2 448	2 443	2 325	2 018
Net pension obligations at December 31	- 583	- 560	-1036	-1040	- 721

CHF 1 000	2012	2011	2010	2009	2008
Development of pension obligations					
At January 1	- 35 588	-41 722	-38 103	-29 807	-28 438
Service cost	-2 555	-2 982	-2 698	-2 644	-2 185
Interest cost	-755	-872	-1 334	-1043	-995
Pension payments					
and portable benefits paid	10 644	5 759	4 824	2 918	7 938
Additions from admissions					
and voluntary contributions	-1645	-1264	-4 271	-6715	-3 777
Profit allocation	-		-124		-
Actuarial gains/losses	364	5 493	-16	-812	-2 350
At December 31	-29 535	-35 588	-41 722	-38 103	-29 807
Development of plan assets	21.007				27 702
At January 1	31 097	35 966	32 301	23 602	27 702
Expected return on plan assets	1 039	1 654	1 486	992	1 163
Employee contributions	255	287	333	320	300
Employer contributions	2 030	2 448	2 443	2 325	2 018
Pension payments and portable benefits paid	-10 644	-5 759	-4 824	-2 918	-7 938
Additions from admissions and voluntary contributions	1 645	1 264	4 271	6 715	3 777
Actuarial gains/losses	1 624	-4 763	-44	1 265	-3 420
At December 31	27 046	31 097	35 966	32 301	23 602
Actual return on plan assets	-1 508	-1 508	1 442	2 259	-2 957
	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Allocation of plan assets					
Equities	38.5%	35.4%	43.4%	25.8%	15.3%
Bonds	50.7%	50.4%	38.7%	51.6%	52.8%
Real estate	1.8%	0.8%	0.0%	0.0%	0.0%
Other	8.9%	13.4%	17.9%	22.6%	31.9%
Actuarial assumptions					
Biometric assumptions	BVG 2010GT	BVG 2010	BVG 2010	EVK 2000	EVK 2000
Discount rate	1.90%	2.40%	3.00%	3.50%	3.50%
Expected net return on plan assets	3.70%	3.00%	4.60%	4.20%	4.20%
Expected rate of salary increases	1.50%	1.50%	2.50%	2.50%	2.50%
Expected rate of pension increases	0.00%	0.50%	0.50%	0.50%	0.50%
	0.00%	0.50%	0.50%	0.50%	0.50%

The expected return on plan assets is based on the long-term historical performance of the individual asset classes and projections of future market performance. Full payment of lump-sum capital is expected in non-madatory plans.

Estimated contributions by the employer for the 2013 business year amount to CHF 1.8 million.

In 2011 a revised version of IAS 19 Employee Benefits was published; this standard applies starting on after 1 January 2013. Since the Group adopted under IAS 19 as accounting policy for the recognition of the actuarial gains or losses the corridor approach, it has to recognize immediately all unrecognized actuarial losses in retained earnings. Under IAS 19 (revised), the expected return on plan assets and the interest costs are summarized in a new component as net interest. Net interest is calculated using the discount rate multiplied by the surplus or deficit. If the Group would have applied IAS 19 revised in fiscal year 2012 already, equity would have been reduced by CHF 3.5 million as of 01.01.2012 and by around CHF 1.6 million as of 31.12.2012. The net profit would have been reduced by CHF 0.4 million.

7.3 Major foreign exchange rates

The following exchange rates were used for the major currencies:

	Year-end rate	2012 Average rate		2011 Average rate
EUR	1.20755	1.20385	1.21475	1.23184
USD	0.91505	0.93314	0.93855	0.88510

7.4 Events after the balance sheet date

No events have occured since the balance sheet date of December 31, 2012 that would have a material impact on the 2012 consolidated financial statements.

7.5 Dividend payment

The Board of Directors will propose a dividend of CHF 2.00 per registered share at the General Meeting of Shareholders of Bellevue Group AG on March 18, 2013. This corresponds to a total payment of CHF 20.94 millions.1)

¹⁾ Shares entitled to a dividend as of December 31, 2012, excluding own shares held directly by Bellevue Group AG.

7.6 Approval of the consolidated financial statements

The Audit Committee discussed and approved the consolidated accounts during its meeting on February 14, 2013, the Board of Directors during its meeting on February 15, 2013. They will be submitted for approval at the general meeting on March 18, 2013.

8 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Tota
1.131.12.2012				
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
Service from/to other segments	3	-49	46	
Total operating income	18 489	27 011	31	45 531
Personnel expenses	-10 051	-11 639	-1672	-23 362
Other operating expenses	-7 021	-5 744	-1 202	-13 967
Service from/to other segments	207	-207		
Depreciation	-1257	-1 535	-3	-2 795
thereof on intangible assets	-1 200	-1085	-	-2 285
Valuation adjustments and provisions		1 867	-	1 867
Total operating expenses	-18 122	-17 258	-2 877	-38 257
Profit before tax	367	9 753	-2 846	7 274
Taxes	-62	-695	11	-746
Group net profit	305	9 058	-2 835	6 528
Further information				
Segments assets 1)	423 319	59 438	2 872	485 629
Segments liabilities	308 528	12 874	3 013	324 415
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
 ²⁾ Including double counts

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
1.131.12.2011				
Net interest income	2 533	-552	460	2 441
Net fee and commission income	22 285	15 115	-1	37 399
Net trading income	-2 095	239	4	-1852
Other ordinary income	219	-7 505	-2 534	-9 820
Services from/to other segments	-3	451	-448	_
Total operating income	22 939	7 748	-2 519	28 168
Personnel expenses	-11 821	-12 552	-1349	-25 722
Other operating expenses	-7 640	-6 413	-2 297	-16 350
Services from/to other segments	165	-165	_	_
Depreciation	-1 248	-2 640	-3	-3 891
thereof on other intangible assets	-1 200	-2 202	_	-3 402
thereof due to impairment		-1000	_	-1000
Valuation adjustments and provisions	-29 000	-18 042	_	-47 042
thereof due to impairment	-29 000	-18 000	_	-47 000
Total operating expenses	-49 544	-39 812	-3 649	-93 005
Profit before tax	-26 605	-32 064	-6 168	-64 837
Taxes	-432	566	-11	123
Group net profit	-27 037	-31 498	-6 179	-64 714
Further information				
Segments assets 1)	344 141	98 133	9 734	452 008
Segments liabilities	236 154	21 301	3 926	261 381
Assets under management (CHF m) ²⁾	1 771	1 831	_	3 602
Net new money (CHF m)	-216	-114		-330
Capital expenditure	169	226	3	398
Number of staff (full-time equivalent) at cutoff date	39.0	43.6	2.6	85.2
Annual average number of staff (full-time equivalent)	40.4	49.2	3.4	93.0

¹⁾ Including associated companies

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 Management one of the world leaders in this specialised sector. Further core competences include management of investments in new markets, especially the regions of Africa, Eastern Europe, Russia and Asia, and in differentiated niche strategies focusing on Switzerland and Europa. Bellevue Asset Management's investment philosophy focuses purely on active asset management, based on a bottom-up, research-driven approach to stock picking.

"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	Capital	31.12.2012 Share of voting right	Capital	31.12.2011 Share of voting right
Fully consolidated companies								
Bellevue Group AG	Küsnacht, CH	Holding	CHF	1 047 000	pare	ent company	par	ent company
Bellevue (USA) Inc.	Wilmington, USA	Holding	USD	10	100%	100%	100%	100%
Bank am Bellevue AG	Küsnacht, CH	Bank	CHF	25 000 000	100%	100%	100%	100%
BAB Management N.V.	Curaçao	Investment Advisor	USD	6 001	100%	100%	100%	100%
Bellevue Asset Management AG	Küsnacht, CH	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	100%	100%	100%	100%
BW Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	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	100%	100%	100%	100%
BRF Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	100%	100%

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 20 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





Financial statements Bellevue Group AG

Profit and loss account

Net interest income10652Net fee and commission income-Net trading income-Net trading income-Net income from financial assets-336Dividend income from associated companies13 200Other ordinary income2Other income12 866Total operating income-24Personnel expenses-4475Other operating expenses-1094Other operating expense-344Depreciation-5569Participation-5569Other operating expense-15800Perceition-1580Perceition-8397Participation-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-15800Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397Perceition-8397	CHF 1 000	1.131.12.2012	1.131.12.2011
Net fee and commission income - Net trading income - Net income from financial assets -336 -79 Dividend income from associated companies 13 200 - Other ordinary income 2 - Other income 12 866 -79 Total operating income 12 972 -24 Personnel expenses -4 475 -129 Other operating expenses -1094 -219 Total operating expenses -15 800 -89 49 Pepreciation -15 800 -89 49 Pofit before tax -8 397 -93 22	Interest income	106	513
Net trading income-Net income from financial assets-336-7!Dividend income from associated companies13 200Other ordinary income2Other income12 866-7!Total operating income12 972-24Personnel expenses-4 475-1 2!Other operating expenses-1 094-2 1!Total operating expense-5 569-3 4!Depreciation-15 800-89 4!Persontel expense-15 800-89 4!	Net interest income	106	513
Net income from financial assets-336-7!Dividend income from associated companies13 200Other ordinary income2Other income12 866-7!Total operating income12 972-24Personnel expenses-4 475-1 29Other operating expenses-1 094-2 19Total operating expenses-15 569-3 44Depreciation-15 800-89 49Persontel expenses-16 800-89 49	Net fee and commission income	-	
Dividend income from associated companies13 200Other ordinary income2Other income12 866Total operating income12 972Personnel expenses4 475Other operating expenses1 094Other operating expense3 4475Depreciation15 800Personnel expenses8 397Other operating expense9 22	Net trading income	-	
Other ordinary income2Other income12 866Total operating income12 972Personnel expenses4 475Other operating expenses1 094Other operating expenses1 094Depreciation15 800Personnel expenses15 800Other operating expense15 800Other operating expense15 800	Net income from financial assets	-336	-755
Other income 12 866 -77 Total operating income 12 972 -24 Personnel expenses -4 475 -1 29 Other operating expenses -4 475 -1 29 Other operating expenses -1 094 -2 19 Total operating expense -5 569 -3 44 Depreciation -15 800 -89 49 Profit before tax -8 397 -93 22	Dividend income from associated companies	13 200	_
Total operating income12 972-24Personnel expenses-4 475-1 29Other operating expenses-1 094-2 19Total operating expense-5 569-3 44Depreciation-15 800-89 49Profit before tax-8 397-93 22	Other ordinary income	2	2
Personnel expenses -4475 -129 Other operating expenses -1094 -219 Total operating expense -5569 -344 Depreciation -15800 -8949 Profit before tax -8397 -9325	Other income	12 866	-753
Other operating expenses -1094 -219 Total operating expense -5569 -344 Depreciation -15800 -8949 Profit before tax -8397 -9322	Total operating income	12 972	-240
Total operating expense 5 569 3 44 Depreciation 15 800 89 49 Profit before tax 8 397 93 22	Personnel expenses	-4 475	-1 290
Depreciation -15 800 -89 49 Profit before tax -8 397 -93 22	Other operating expenses	-1 094	-2 198
Profit before tax -8 397 -93 2	Total operating expense	-5 569	-3 488
	Depreciation	-15 800	-89 493
Taxes –96 –9	Profit before tax	-8 397	-93 221
laxes -96 -9			
Loss for the year -8 493 -93 3			-96 -93 317

Balance sheet

CHF 1 000	31.12.2012	31.12.2011
Assets		
Current assets		
Due from group banks	61	65
Due from other banks	723	7 390
Total cash and cash equivalent	784	7 455
Due from Group companies		21 853
Other receivables		136
Net receivables	1 930	21 989
Own shares	-	1 101
Total securities	-	1 101
Total prepaid expenses and accrued income	445	778
Total current assets	3 159	31 323
Non-current assets		
Financial investments	714	732
Participations	172 000	187 799
Own shares – second line	_	416
Total non-current assets	172 714	188 947
Total assets	175 873	220 270
Due from group companies	1 991	21 918
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	1	6
Acrrued expenses and deferred income	1 429	2 459
Total current liabilities	1 430	2 465
Total liabilities	1 430	2 465
Shareholders' equity		
Share capital	1 047	1 050
General reserves	2 225	2 135
Reserves from capital contributions	-	22 212
Reserves for own shares	2 172	2 369
Total statutory reserves	4 397	26 716
Total other reserves	17 334	17 419
Profit brought forward	160 158	265 938
Profit for the year	-8 493	-93 317
Total disposable profit	151 665	172 621
Total shareholders' equity	174 443	217 805
Total liabilities and shareholders' equity	175 873	220 270
Due to Group companies	-	

Notes to the financial statements

	Anzahl	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 01.01.11		-
Purchases	158 941	5 155
Disposals	-153 886	-5 057
Balance as of 30.06.11	5 055	98
Purchases	92 055	1 246
Disposals	-91710	-1273
Balance as of 31.12.11	5 400	71
Purchases	497 978	5 103
Disposals	-263 561	-2831
Balance as of 30.06.12	239 817	2 343
Purchases	112 728	1 050
Disposals	-126 045	-1221
Balance as of 31.12.12	226 500	2 172

Treasury shares of Bellevue Group AG

30 000	1 197
-	-
30 000	1 197
83 968	1 101
-	-
113 968	2 298
236 670	2 312
- 320 638	-3 413
-30 000	-1197
-	-
-	-
-	-
-	-

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

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

- 83 968 shares at an average price of CHF 13.11 in the second half of the year 2011

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

	2 172
Balance as of 31.12.12	2 172
Balance as of 31.12.11	2 369
Reserves for own shares	

In accordance with article 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	Capital	31.12.2012 Share of voting right	Capital	31.12.2011 Share of voting right
Participations								
Bellevue Group AG	Küsnacht, CH	Holding	CHF	1 047 000	pare	ent company	par	ent company
Bellevue (USA) Inc.	Wilmington, USA	Holding	USD	10	100%	100%	100%	100%
Bank am Bellevue AG	Küsnacht, CH	Bank	CHF	25 000 000	100%	100%	100%	100%
BAB Management N.V.	Curaçao	Investment Advisor	USD	6 001	100%	100%	100%	100%
Bellevue Asset Management AG	Küsnacht, CH	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%
Bellevue Capital N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	100%	100%
BEK Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	100%	100%
BW Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	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	100%	100%	100%	100%
BRF Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	100%	100%
BJ Partners N.V.	Curaçao	Investment Advisor	CHF	1 000	100%	100%	100%	100%
Medhealth N.V.	Curaçao	Holding	CHF	1 000	100%	100%	100%	100%
Medsource N.V.	Curaçao	Holding	CHF	1 000	100%	100%	100%	100%
Medcare N.V.	Curaçao	Holding	CHF	1 000	100%	100%	100%	100%
Medgrowth N.V.	Curaçao	Holding	CHF	1 000	100%	100%	100%	100%

CHF 1 000	No. of shares	Par value
Share capital (registered shares)		
Balance as of 01.01.2011	10 500 000	1 050
Balance as of 31.12.11	10 500 000	1 050
Balance as of 31.12.12	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 01.01.2011	1 000 000	100
Balance as of 31.12.11	1 000 000	100
Balance as of 31.12.12	2 000 000	200

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 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.

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

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	31.12.2012 Voting rights held	Number of shares	31.12.2011 Voting rights held	Number of shares
Martin Bisang, Küsnacht	20.48%	2 144 006	20.42%	2 144 006
Jürg Schäppi, Rapperswil-Jona	9.68%	1 014 016	9.66%	1 014 016
Urs Baumann, Pfäffikon	5.04%	528 062 ¹⁾	n/a	n/a
Daniel Schlatter, Herrliberg	4.98%	521 760	4.97%	521 760
Integralstiftung für berufliche Vorsorge	3.47%	363 500	3.46%	363 500
Hans-Jörg Graf, Wollerau	2.96%	310 000 2)	8.66%	908 985
Dieter Albrecht, Erlenbach	<3%	n/a	6.36%	667 500

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

 $^{\rm 2)}$ Disposal of 310 000 shares via written call options, corresponding to 2.96%, i.e. including derivatives 0.00%

CHF 1 000	31.12.2012	31.12.2011
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 article 663b ^{bis} and article 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 61.

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 49.

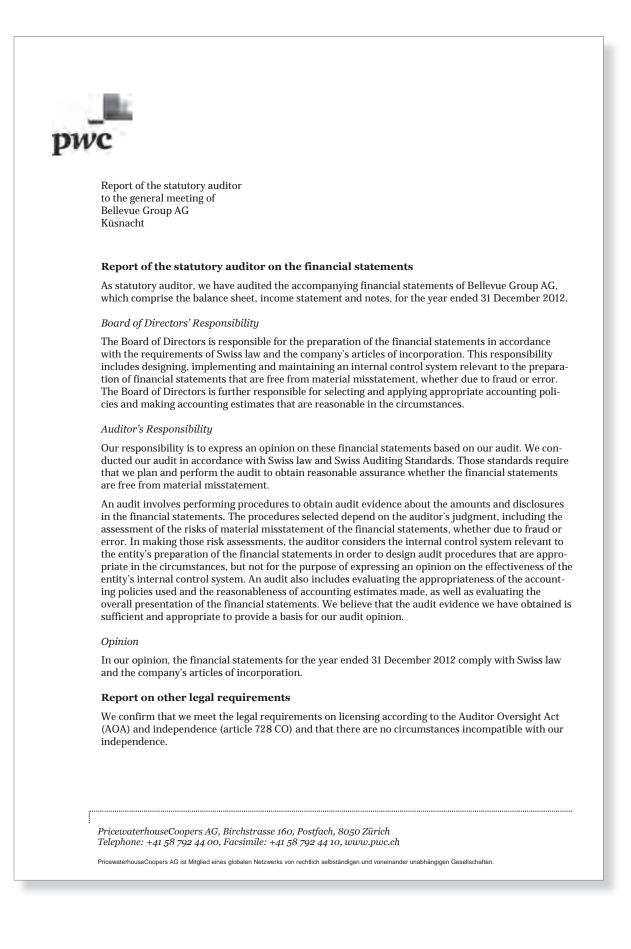
Proposal to the Annual General Meeting

CHF 1 000	31.12.2012	31.12.2011
The Board of Directors proposes to the Annual General Meeting of shareholders on March 18, 2013 the following allocation ot profit:		
Loss for the year	-8 493	-93 317
Balance brought forward from previous year	160 158	265 938
Total profit	151 665	172 621
Dividend on eligible capital 1)	-20 940	-12 463
Allocation to other reserves 2)	-	-
Balance carried forward to new financial year	130 725	160 158

¹⁾ Including treasury shares 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 2.00 per registered share of CHF 0.10 will be paid less the federal withholding.

Report of the statutory auditor on the financial statements



1



Investor relations and contacts

Investor Relations

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