

1 General compensation principles

1.1 Principles

This compensation report refers to the 2017 reporting year. It provides information on the compensation system and discloses the compensation paid to the Board of Directors and Executive Board in 2017. The content and scope of the compensation report is based on articles 13–17 of the Ordinance Against Excessive Remunerations in Listed Companies Limited by Shares (VegüV), articles 663c (3) of the Swiss Code of Obligations (OR) and the Directive Corporate Governance (DCG) of the SIX Swiss Exchange.

The Articles of Association regulate compensation in articles 26–31. The Articles of Association can be downloaded at the following link:

<http://www.bellevue.ch/de/investor-relationships/corporate-governance/Statuten.pdf>

The compensation at Bellevue Group AG has been deliberately designed to:

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

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

1.2 Fixed compensation components

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

The fixed compensation components are primarily defined on the basis of the following factors:

- i) the scope and tasks of a given function as well as the qualifications required to execute it, and
- ii) the experience and performance of the person occupying this function.

The fixed compensation components are reviewed annually on the basis of the above factors and adjusted according to the development of the market and the company's financial strength. Additional sources are included for the review of the marketability and appropriateness. The analysis therefore includes the compensation reports of other publicly listed Swiss companies that are comparable with Bellevue Group in size and manner of services. The publications of various interest groups and media articles are also included in the assessment. The weighting takes the general compensation principles listed in section 1.1 into account, with discretion.

1.3 Variable compensation components

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

2 Compensation of the Board of Directors and the Executive Board

2.1 Board of Directors

2.1.1 Fixed compensation

Each member of the Board of Directors receives a fixed and equally high (except: chairman) base compensation, which is agreed in advance. The higher base compensation for the chairman is due to his stronger involvement in the strategic management of the Company. The amount of the base compensation is defined by taking the general compensation principles (see section 1.1 above) into account, with discretion.

In addition, to the base compensation the members of the Board of Directors receive allowances for membership on the boards of subsidiaries, associated companies, committees and committee chairs. With this distinction the responsibility

and individual functions of the members of the Board of Directors is taken into account.

The determined fixed compensation of the members of the Board of Directors is paid in cash. In the event of a resignation during the term of a member of the Board of Directors, the fixed compensation will be calculated pro rata to the end of the month he is leaving. Payment of compensation calculated pro rata takes only place after the approval of the total amount by the Annual General Meeting.

2.1.2 Variable compensation

The variable compensation of the Board of Directors is based on performance criteria which promote the achievement of strategic objectives of the company, group or parts of it. The performance criteria can include the performance of the company, group or parts of it and compare it with the market, other companies or benchmarks like total shareholder return or other individual results.

In the reporting year, the definition of the variable compensation takes the general compensation principles (see section 1.1 above) into account, with discretion.

The variable compensation of the Board of Directors is paid in the form of shares of Bellevue Group AG, which are subject to a multi-year lock-up period. The allocation depends on the approval of the corresponding value at the Annual General Meeting.

The ratio of fixed compensation to variable compensation (in percent) for the Board of Directors overall is 77% fixed compensation and 23% variable compensation (previous year: 83% fixed compensation and 17% variable compensation).

2.1.3 Attendance fee

No attendance fee is paid out.

2.1.4 Expenses

The members of the Board of Directors do not receive fixed-rate allowances, but are rather reimbursed for effective expenses.

2.1.5 Shares and options

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

2.1.6 Termination benefits

No termination benefits are effective.

2.1.7 Loans, credits, discounts

Loans and credits are granted at usual market conditions. As of 31 December 2017, a credit line of TCHF 1 500 was granted in favor of Thomas von Planta, chairman of the Board of Directors of Bellevue Group AG. As per 31 December 2017, the effective utilization of the credit line was of TCHF 598. As of 31 December 2016, there were no loans nor credits outstanding. The Board of Directors does not benefit from any discount perks.

2.1.8 Consulting services

Subject to approval at the Annual General Meeting, members of the Board of Directors can be compensated in cash at standard market rates for consulting services benefiting the company or another group company which are not performed in their function as a member of the Board of Directors.

2.2 Executive Board

2.2.1 Fixed compensation

The members of the Executive Board receive a fixed annual compensation determined for the financial year by the Compensation Committee, which is paid in cash. The amounts are determined individually with compliance to the compensation principles (see section 1.1), taking into account the role and responsibility of each member of the Executive Board. The fixed compensation needs to be approved by the Annual General Meeting in advance.

2.2.2 Variable compensation

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

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

Variable compensation is fundamentally structured and paid out as follows:

Position	% share in the reporting year	% share in the previous year
Short-term variable compensation in cash	46%	46%
Short-term variable compensation in blocked shares	9%	18%
Short-term variable compensation in blocked shares with vesting period and clawback right	37%	22%
Other short-term variable compensation	7%	13%
Long-term variable compensation	0%	0%
Total variable compensation	100%	100%

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

The ratio of fixed compensation, variable compensation and other compensation (in percent) is as follows:

Position	% share in the reporting year	% share in the previous year
Fixed compensation	29%	46%
Variable compensation	71%	54%
Other compensation	0%	0%
Total compensation	100%	100%

2.2.3 Expenses

As per 1 January 2015 the lump sum expense regulation was abolished. Since then only actual incurred expenses are settled.

2.2.4 Shares and options

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

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

In financial year 2015, the Board of Directors approved a long-term incentive plan for the employees of Bank am Bellevue AG and Bellevue Group AG. Bellevue Group AG shares subject to a lock-up period of four years were allocated for this. These shares are subject to a three-year pro-rata vesting period (service period) and a three-year clawback right. Pursuant to the clawback right clause, 100% of the shares are reclaimed in the following cases: i) breach of the risk policy and/or internal guidelines, ii) for violation of legislation, iii) deception or theft and iv) general company-damaging behaviour. The Board of Directors decides on the application of the clawback right clause at its own discretion and conclusively. The relevant amount of these compensations is shown in section 3.2 of the disclosure table, on column «Reconciliation IFRS».

2.2.5 Termination benefits

No termination benefits are effective nor planned.

2.2.6 Loans, credits, discounts

Any loans and credits are granted at usual market conditions. As of 31.12.2017, one credit line of TCHF 2 000 was granted to André Rüegg, CEO of Bellevue Asset Management AG, interim CEO of Bank am Bellevue AG and CEO of Bellevue Group AG. The effective utilization of the credit line on 31 December 2017 was of TCHF 949. As of 31 December 2016, the credit line was of TCHF 650 and the effective utilization was of TCHF 575.

In April 2016, Bellevue Group AG gave a credit guarantee to a third-party bank. This is valid until 31 May 2021 and guarantees a credit facility which is provided by the third-party bank to individual employees. The exclusive purpose of this credit is the financing of the purchase of shares of Bellevue Group AG. CHF 2.5 million of this credit guarantee is allocated to members of the Executive Board. Up to 31 December 2017 the credit facility had not been drawn upon and thus no monetary services have yet been provided.

In financial year 2017 this credit facility has not been utilized at any time. In December 2017 the credit guarantee has been therefore revoked.

2.3 Advisory committee

No advisory committee does exist.

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

3.1 Payments made to members of the Board of Directors

CHF	Thomas von Planta	Daniel Sigg	Mirjam Staub-Bisang	Rupert Hengster	Total
1.1.–31.12.2017					
Fixed compensation in cash	150 000	80 000	80 000	80 000	390 000
Fixed compensation in cash for work in committees	10 000	30 000	15 000	15 000	70 000
Fixed compensation in cash for work in subsidiaries and associated companies	25 000	45 001	25 000	–	95 001
Subtotal	185 000	155 001	120 000	95 000	555 001
Social insurance contributions for fixed compensation	12 762	–	–	–	12 762
Total fixed compensation	197 762	155 001	120 000	95 000	567 763
Approved by the 2017 Annual General Meeting					621 000
Variable compensation in cash	–	–	–	–	–
Variable compensation in blocked shares ¹⁾	40 000	40 000	40 000	40 000	160 000
Social insurance contributions for variable compensation	3 000	–	3 000	–	6 000
Total variable compensation	43 000	40 000	43 000	40 000	166 000
To be approved at the 2018 Annual General Meeting					166 000
Honoraria for consulting services	19 800	–	–	–	19 800
To be approved at the 2018 Annual General Meeting					19 800
Total compensation	260 562	195 001	163 000	135 000	753 563

¹⁾ From these amounts the costs incurred for employee contributions to the statutory social insurance are settled in cash and not in shares.

The members of the Board of Directors received for the financial year 2017 a fixed compensation totalling CHF 555 001. In addition, employer contributions to the statutory insurance of CHF 12 762 were paid.

The Board of Directors proposes a variable compensation of CHF 160 000 for the 2017 financial year for approval at the Annual General Meeting, plus employer contribution to the statutory social insurance to a value of CHF 6 000. The payment – subject to approval – will be in shares of Bellevue Group AG at market value. A cash component to cover any employee contributions to the statutory social insurance will be offset. The market value of the shares is calculated based on weighted prices of ten days prior to the date of allocation. The shares will be blocked for 4 years from the day of allocation.

With the exception of Thomas von Planta, no compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors. For the period from 1 January to 31 December 2017, Thomas von Planta invoiced Bellevue Group AG the amount of CHF 19 800 (excl. 8% VAT) for consulting services related to the restructuring of Bank am Bellevue AG.

CHF	Thomas von Planta	Daniel Sigg	Mirjam Staub-Bisang	Total
1.1.–31.12.2016				
Fixed compensation in cash	150 000	80 000	80 000	310 000
Fixed compensation in cash for work in committees	30 000	40 000	25 000	95 000
Fixed compensation in cash for work in subsidiaries and associated companies	25 000	50 108	25 000	100 108
Subtotal	205 000	170 108	130 000	505 108
Social insurance contributions for fixed compensation	14 045	–	–	14 045
Total fixed compensation	219 045	170 108	130 000	519 153
Approved by the 2016 Annual General Meeting				533 000
Variable compensation in cash	–	–	–	–
Variable compensation in blocked shares ¹⁾	40 000	40 000	40 000	120 000
Social insurance contributions for variable compensation	3 000	–	3 000	6 000
Total variable compensation	43 000	40 000	43 000	126 000
Approved at the 2017 Annual General Meeting				126 000
Actually paid				124 511
Honoraria for consulting services	54 000	–	–	54 000
Approved at the 2017 Annual General Meeting				54 000
Total compensation	316 045	210 108	173 000	699 153

¹⁾ For these amounts the costs incurred for employee contributions to the statutory social insurance are settled in cash and not in shares.

The members of the Board of Directors received fixed compensation totalling CHF 505 108 for the 2016 financial year. In addition, employer contributions to the statutory insurance of CHF 14 045 were paid.

The Board of Directors proposes a variable compensation of CHF 120 000 for the 2016 financial year for approval by the Annual General Meeting, plus employer contributions to statutory social insurance to a value of CHF 6 000. The payment – subject to approval – will be in shares of Bellevue Group AG at market value. A cash component to cover any employee contributions to statutory social insurance will be offset. The market value of the shares will be calculated based on weighted prices of 10 days prior to the relevant date of allocation. The shares will be blocked for four years from the day of allocation.

With the exception of Thomas von Planta, no compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors. For the period from 1 January to 31 December 2016, Thomas von Planta invoiced Bellevue Group AG the amount of CHF 54 000 (excl. 8% VAT) for consulting services.

3.2 Compensation to members of the Executive Board

CHF	of which the highest compensation is paid to: André Rüegg ¹⁾	Total
1.1.–31.12.2017		
Fixed compensation in cash	300 000	750 000
Social insurance contributions for the fixed compensation in cash ²⁾	79 000	198 000
Total fixed compensation in cash ³⁾	379 000	948 000
Approved by the 2017 Annual General Meeting		1 140 000
Short-term variable compensation in cash	755 000	1 030 000
Social insurance contributions for the short-term variable compensation in cash ⁴⁾	54 000	74 000
Total short-term variable compensation in cash	809 000	1 104 000
Short-term variable compensation in blocked shares ⁵⁾	100 000	200 000
Social insurance contributions for the short-term variable compensation in blocked shares ⁴⁾	7 000	14 000
Total short-term variable compensation in shares	107 000	214 000
Short-term variable compensation in blocked shares with vesting period and clawback right ^{5) 6)}	655 000	830 000
Social insurance contributions for the short-term variable compensation in blocked shares with vesting period and clawback right ⁴⁾	47 000	60 000
Total short-term variable compensation in blocked shares with vesting period and clawback right	702 000	890 000
Other short-term variable compensation ⁷⁾	158 000	158 000
Social insurance contributions for other short-term variable compensation ⁴⁾	12 000	12 000
Total other short-term variable compensation	170 000	170 000
Short-term variable compensation	1 668 000	2 218 000
Social insurance contributions for short-term variable compensation ³⁾	120 000	160 000
Total short-term variable compensation	1 788 000	2 378 000
To be approved at the 2018 Annual General Meeting		2 378 000
Long-term variable compensation	–	–
Social insurance contributions for long-term variable compensation	–	–
Total long-term variable compensation	–	–
Approved by the 2017 Annual General Meeting		1 360 000
Other compensation	–	–
Social insurance contributions for other compensation	–	–
Total other compensation	–	–
Total compensation	2 167 000	3 326 000

¹⁾ André Rüegg is CEO of Bellevue Group AG and Bellevue Asset Management AG. Starting from 21 February 2017 he takes over the role of interim CEO of Bank am Bellevue AG.

²⁾ The social insurance contributions contain the employer contribution to statutory social insurance, the employer contribution to the company's pension insurance plan and employer contributions to health and accident insurance calculated on the basis of the amounts shown.

³⁾ In connection with the restructuring of Bank am Bellevue AG, on 21 February 2017 Serge Monnerat step back from his role of CEO of Bank am Bellevue AG and his executive role at Bellevue Group AG. The ordinary termination date of his employment was on 30 June 2017.

⁴⁾ A rate of 7% is prospectively charged on variable compensation for employer contributions to statutory social insurance and rounded up. The actual amounts charged (in the following year) may be lower.

⁵⁾ From these amounts, the respective costs of employer contributions to statutory social insurance were settled in cash and not in shares.

⁶⁾ The shares are subject to a one-year vesting period (service period) and a one-year clawback right.

⁷⁾ Effective entitlement to shares in BB Biotech AG, valued according to their 10 days VWAP prior to the date of allocation (29 January 2018).

The members of the Executive Board received a fixed compensation totalling CHF 750 000 for the 2017 financial year (in addition social insurance contributions).

The variable compensation is broken down as follows (social insurance contributions to be added):

- CHF 1 030 000 to be paid in cash. This amount needs to be approved by the Annual General Meeting.
- CHF 200 000 to be paid in the form of shares of Bellevue Group AG and blocked for 4 years. This amount needs be approved by the Annual General Meeting.
- CHF 830 000 also to be paid in the form of shares of Bellevue Group AG and are subject to a one year vesting period (Service Period) and a one-year right of claw back clause (Claw Back Right). This amount needs be approved by the Annual General Meeting.
- The rest of the variable compensation consists of an entitlement to BB Biotech AG shares in the amount of CHF 158 000. This amount needs be approved by the Annual General Meeting.

All shares of Bellevue Group AG are valued at market value (weighted average prices of 10 days prior to the date of allocation).

The entitlement to shares of BB Biotech AG is measured with respect to market prices (weighted average prices of 10 days prior to allocation). The effective allocation took place on 29 January 2018.

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

CHF	amount according to compensation report	IFRS reconciliation	compensation according to consolidated financial statements
1.1.–31.12.2017			
Fixed compensation in cash	750 000	–	750 000
Social insurance contributions for the fixed compensation in cash	198 000	–	198 000
Total fixed compensation in cash	948 000	–	948 000
Short-term variable compensation in cash	1 030 000	–	1 030 000
Social insurance contributions for the short-term variable compensation in cash	74 000	–	74 000
Total short-term variable compensation in cash	1 104 000	–	1 104 000
Short-term variable compensation in blocked shares	200 000	–	200 000
Social insurance contributions for the short-term variable compensation in blocked shares	14 000	–	14 000
Total short-term variable compensation in shares	214 000	–	214 000
Short-term variable compensation in blocked shares with vesting period and clawback right	830 000	–471 666	358 334
Social insurance contributions for the short-term variable compensation blocked shares with vesting period and clawback right	60 000	–34 479	25 521
Total short-term variable compensation in blocked shares with vesting period and clawback right	890 000	–506 145 ¹⁾	383 855
Other short-term variable compensation	158 000	–9 323	148 677
Social insurance contributions for other short-term variable compensation	12 000	–1 593	10 407
Total other short-term variable compensation	170 000	–10 916	159 084
Long-term variable compensation	–	400 000	400 000
Social insurance contributions for the long-term variable compensation	–	28 000	28 000
Total long-term variable compensation	–	428 000 ²⁾	428 000
Other compensation	–	–	–
Social insurance contributions for other compensation	–	–	–
Total other compensation	–	–	–
Total compensation	3 326 000	–89 061	3 236 939

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

²⁾ This amount takes into account the effects of the individual long-term incentive plan described in section 2.2.4. The expense is recorded over the future vesting period (service period). In connection with the restructuring of Bank am Bellevue AG, on 21 February 2017 Serge Monnerat step back from his role of CEO of Bank am Bellevue AG and from his role within the Executive Board of Bellevue Group AG. Due to the early termination of his mandate, a lump-sum payment of CHF 214 000 has been executed on 30 June 2017 (cessation of the service period due to resignation decided by the employer).

During the reporting year, no compensation was paid to parties related to members of the Executive Board or to former members of the Executive Board, with the exception of the compensation described before.

CHF	of which the highest compensation is paid to: André Rüegg ¹⁾	Total
1.1.–31.12.2016		
Fixed compensation in cash	300 000	900 000
Social insurance contributions for the fixed compensation in cash ²⁾	78 044	234 132
Total fixed compensation in cash	378 044	1 134 132
Approved by the 2016 Annual General Meeting		1 140 000
Short-term variable compensation in cash	300 000	575 000
Social insurance contributions for the short-term variable compensation in cash ³⁾	22 000	42 000
Total short-term variable compensation in cash	322 000	617 000
Short-term variable compensation in blocked shares ⁴⁾	100 000	230 000
Social insurance contributions for the short-term variable compensation in blocked shares ³⁾	7 000	16 000
Total short-term variable compensation in blocked shares	107 000	246 000
Short-term variable compensation in blocked shares with vesting period and clawback right ^{2) 3)}	200 000	275 000
Social insurance contributions for the short-term variable compensation in blocked shares with vesting period and clawback right ^{3) 5)}	14 000	20 000
Total short-term variable compensation in blocked shares with vesting period and clawback right	214 000	295 000
Other short-term variable compensation ⁶⁾	161 000	161 000
Social insurance contributions for other short-term variable compensation ³⁾	12 000	12 000
Total other short-term variable compensation	173 000	173 000
Short-term variable compensation	761 000	1 241 000
Social insurance contributions for the short-term variable compensation ⁴⁾	55 000	90 000
Total short-term variable compensation	816 000	1 331 000
Approved by the 2017 Annual General Meeting		1 331 000
Long-term variable compensation ⁴⁾	–	–
Social insurance contributions for the long-term variable compensation	–	–
Total long-term variable compensation	–	–
Approved by the 2017 Annual General Meeting		2 500 000
Other compensation	–	–
Social insurance contributions for other compensation	–	–
Total other compensation	–	–
Total compensation	1 194 044	2 465 132

¹⁾ André Rüegg is CEO of Bellevue Group AG and Bellevue Asset Management AG.

²⁾ The social insurance contributions contain the employer contribution to statutory social insurance, the employer contribution to the company's pension insurance plan and employer contributions to health and accident insurance calculated on the basis of the amounts shown.

³⁾ A rate of 7% is prospectively charged on variable compensation for employer contributions to statutory social insurance and rounded up. The actual amounts charged (in the following year) may be lower.

⁴⁾ From these amounts, the respective costs of employer contributions to statutory social insurance were settled in cash and not in shares.

⁵⁾ The shares are subject to a one-year vesting period (service period) and a one-year clawback right.

⁶⁾ Maximum entitlement to shares in BB Biotech AG, valued according to their market value on the date of allocation (31 December 2016).

The members of the Executive Board received a fixed compensation totalling CHF 900 000 for the 2016 financial year.

The variable compensation is broken down as follows:

- CHF 575 000 were paid in cash.
- CHF 230 000 were paid in the form of shares of Bellevue Group AG and blocked for four years from the date of allocation.
- CHF 275 000 also paid in the form of shares of Bellevue Group AG and subject to a one-year vesting period (service period) and a one-year right of clawback right.
- The rest of the variable compensation consists of an entitlement to BB Biotech AG shares to the value of CHF 161 000 (market value at 31 December 2016).

All shares of Bellevue Group AG were valued at market value (weighted average prices of 10 days prior to the date of allocation).

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

CHF	amount according to compensation report	IFRS reconciliation	compensation according to consolidated financial statements
1.1.–31.12.2016			
Fixed compensation in cash	900 000	–	900 000
Social insurance contributions for the fixed compensation in cash	234 132	–	234 132
Total fixed compensation in cash	1 134 132	–	1 134 132
Short-term variable compensation in cash	575 000	–	575 000
Social insurance contributions for the short-term variable compensation in cash	42 000	–	42 000
Total short-term variable compensation in cash	617 000	–	617 000
Short-term variable compensation in blocked shares	230 000	–	230 000
Social insurance contributions for the short-term variable compensation in blocked shares	16 000	–	16 000
Total short-term variable compensation in shares	246 000	–	246 000
Short-term variable compensation in blocked shares with vesting period and clawback right	275 000	106 016	381 016
Social insurance contributions for the short-term variable compensation blocked shares with vesting period and clawback right	20 000	7 219	27 219
Total short-term variable compensation in blocked shares with vesting period and clawback right	295 000	113 235 ¹⁾	408 235
Other short-term variable compensation	161 000	–112 606	48 394
Social insurance contributions for other short-term variable compensation	12 000	–8 612	3 388
Total other short-term variable compensation	173 000	–121 218	51 782
Long-term variable compensation	–	266 666	266 666
Social insurance contributions for the long-term variable compensation	–	18 666	18 666
Total long-term variable compensation	–	285 332 ²⁾	285 332
Other compensation	–	–	–
Social insurance contributions for other compensation	–	–	–
Total other compensation	–	–	–
Total compensation	2 465 132	277 349	2 742 481

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

²⁾ This amount takes the effects of the individual long-term incentive plan described in section 2.2.4 into account. The expense is recorded over the future vesting period (service period).

During the previous year, no compensation was paid to parties related to members of the Executive Board or to former members of the Executive Board.

4 Compensations to be approved at the Annual General Meeting 2018 for the Board of Directors and Executive Board

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

The Board of Directors has reviewed its own fixed compensation by increasing disbursements by 6% for all members, reaching 43% of fixed compensation for the chairman of the Board. The modification of the fixed compensation of the chairman was agreed upon the prolongation of its mandate.

The fixed compensation in cash for activity in committees or subsidiaries was not changed for any other mandate. The election of a new member of the Board complies with the proposed budget constraints.

For the newly elected member of the Board, a stock based compensation with shares of Bellevue Group AG of up to CHF 536 000 can be paid out to the new member of the Board for the termination of his previous activities of value. Such shares have a vesting period (service period) of four years and a three-year clawback right.

Therefore the fixed compensation of the Board of Directors on 2017 was as follows:

- the fixed compensation in cash should increase to a maximum of CHF 555 000 (previous year: CHF 390 000);
- the fixed compensation in cash for work on committees should be limited to CHF 85 000 in total (previous year: CHF 100 000)
- the fixed compensation in cash for work in subsidiaries should be in total CHF 112 500 (previous year: CHF 97 000);
- the fixed stock-based compensation for the termination of previous activities of value will be of maximum CHF 536 000.

Additional costs of a maximum of CHF 79 000 for the employer contributions to statutory social insurance apply to these amounts.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Board of Directors of CHF 1 367 500 for the term until the conclusion of the next Annual General Meeting.

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

The calculation of the variable compensation for the Board of Directors is described and disclosed in the sections 2.1.2 and 3.1. Additionally, costs up to CHF 6 000 for employer contributions to the statutory social security will be paid.

The Board of Directors proposes for approval a maximum amount of variable compensation for the Board of Directors of CHF 166 000 for the financial year 2017.

4.3 Approval of the total amount of compensation for the Board of Directors for consulting services

Thomas von Planta invoiced Bellevue Group AG a total of CHF 19 800 (excl. 8% VAT) for consulting services related to the restructuring of Bank am Bellevue AG for the period from 1 January to 31 December 2017. The payment is subject to the approval of the Annual General Meeting.

The Board of Directors proposes for approval a maximum amount of variable compensation for consulting services to the Board of Directors of CHF 19 800 for the financial year 2017.

4.4 Approval of the maximum total amount of fixed compensation and long-term variable compensation for the Executive Board

The Board of Directors has reviewed the fixed compensation for the Executive Board. No adjustments were made and the amount of fixed compensation for the current members of the Executive Board will not be changed. For the new member of the Executive Board, a higher fixed compensation is expected, totalling CHF 1 012 500. To the fixed compensation, additional contributions of maximum CHF 260 000 for employer contributions to statutory social insurance, other insurances and for pension fund benefits have been agreed. The proposed amount of fixed compensation for the Executive Board for the 2018 financial year is thus CHF 1 272 500.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Executive Board of CHF 1 272 500 for the financial year 2018.

4.5 Approval of the total amount of short-term variable compensation for the Executive Board

The components and calculation of the variable compensation for the Executive Board is described and disclosed in the sections 2.2.2 and 3.2. Additionally costs up to CHF 160 000 for employer contributions to the statutory social security will be paid.

The Board of Directors proposes for approval a maximum amount of short-term variable compensation for the Executive Board of CHF 2 378 000 for the financial year 2017.

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

We have audited the remuneration report of Bellevue Group AG for the year ended 31 December 2017.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the remuneration report of Bellevue Group AG for the year ended 31 December 2017 complies with Swiss law and articles 14–16 of the Ordinance.



PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'R. Birrer', next to a circular stamp containing a red cross, which is the logo of the Swiss Confederation.

Rolf Birrer
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'Roland Holl', next to a circular stamp containing a red cross, which is the logo of the Swiss Confederation.

Roland Holl
Audit expert

Zürich, 23 February 2018