FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

CHF 1 000	Note	1.1.–31.12.2020	1.1.–31.12.2019 restated*	Change
Revenues from asset management services	2.1	108 819	102 156	+6 663
Income from financial investments		1 071	– 1 336	+2 407
Net other income	2.2	– 39	548	– 587
Operating income		**109 851**	**101 368**	**+8 483**
Personnel expenses	2.3	– 51 894	– 47 794	– 4 100
Other operating expenses	2.4	– 11 705	– 13 111	+1 406
Depreciation and amortization	2.5	– 4 777	– 4 247	– 530
Valuation adjustments and provisions	2.6	– 9 578	– 8 341	– 1 237
Operating expenses		**– 77 954**	**– 73 493**	**– 4 461**
Group profit before tax from continuing operations		**31 897**	**27 875**	**+4 022**
Taxes	2.7	– 8 875	– 8 415	– 460
Group net profit from continuing operations		**23 022**	**19 460**	**+3 562**
Group net profit from discontinued operations (net of tax)	7	– 718	– 5 427	+4 709
Group net profit		**22 304**	**14 033**	**+8 271**
Undiluted earnings per share from continuing operations (in CHF)	13	+1.72	+1.45	+0.27
Undiluted earnings per share from discontinued operations (in CHF)	13	– 0.05	– 0.41	+0.36
Total undiluted earnings per share (in CHF)	13	**+1.67**	**+1.04**	**+0.63**
Diluted earnings per share from continuing operations (in CHF)	13	+1.72	+1.45	+0.27
Diluted earnings per share from discontinued operations (in CHF)	13	– 0.05	– 0.41	+0.36
Total diluted earnings per share (in CHF)	13	**+1.67**	**+1.04**	**+0.63**

*) The previous-year period has been adjusted. We refer to the statements on the change in presentation in section 16.3 and on the correction of errors in section 4.2.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019 restated*	Change
Group net profit	**22 304**	**14 033**	**+8 271**
Other comprehensive income			
Items that may be reclassified subsequently to net income			
Currency translation adjustments	– 290	– 1 443	+1 153
Items that will not be reclassified subsequently to net income			
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	– 84	4 266	– 4 350
Remeasurements of post-employment benefit obligations	– 373	– 1 962	+1 589
Other comprehensive income (net of tax)	**– 747**	**861**	**– 1 608**
Total comprehensive income	**21 557**	**14 894**	**+6 663**

*) The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

Details of the discontinued operation are provided in note 7.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31.12.2020	31.12.2019 restated*	Change
Cash and cash equivalents		82 547	87 486	– 4 939
Trade and other receivables	3.2	18 076	19 021	– 945
Financial investments	3.1/3.3	46 713	40 568	+6 145
Other assets	3.4	8 363	5 774	+2 589
Current tax assets		738	665	+73
Assets classified as held of sale	7	–	153 707	– 153 707
Current assets		**156 437**	**307 221**	**– 150 784**
Financial investments	3.1/3.3	7 155	6 818	+337
Property and equipment	3.5	5 032	8 254	– 3 222
Goodwill and other intangible assets	3.6	52 578	63 959	– 11 381
Other assets	3.4	13 929	6 429	+7 500
Deferred tax assets	2.7	433	465	– 32
Non-current assets		**79 127**	**85 925**	**– 6 798**
Assets		**235 564**	**393 146**	**– 157 582**
Trade and other payables	3.7	39 241	35 583	+3 658
Lease liabilities		1 789	2 147	– 358
Other financial liabilities	3.1	91	–	+91
Current tax liabilities		3 982	7 612	– 3 630
Liabilities directly associated with assets held for sale	7	–	127 624	– 127 624
Current liabilities		**45 103**	**172 966**	**– 127 863**
Trade and other payables	3.7	16 228	11 135	+5 093
Lease liabilities		2 463	5 060	– 2 597
Deferred tax liabilities	2.7	5 954	5 635	+319
Non-current liabilities		**24 645**	**21 830**	**+2 815**
Liabilities		**69 748**	**194 796**	**– 125 048**
Share capital	3.9	1 346	1 346	+0
Capital reserves		27 340	27 340	+0
Unrealized gains and losses recognized in other comprehensive income		– 814	– 800	– 14
Currency translation adjustments		– 891	– 601	– 290
Retained earnings		141 028	172 719	– 31 691
Treasury shares	3.10	– 2 193	– 1 654	– 539
Total shareholders' equity		**165 816**	**198 350**	**– 32 534**

Total liabilities and shareholders' equity		**235 564**	**393 146**	**– 157 582**

*) The previous-year period has been adjusted. We refer to the statements on the change in presentation in section 16.3 and on the correction of errors in section 4.2.

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF SHAREHOLDERS' EQUITY

CHF 1 000	Share capital	Capital reserves	Gains and losses recognized in other comprehensive income	Currency translation adjustments	Retained earnings	Treasury shares	Total
Balance at 31 December 2019	**1 346**	**27 340**	**– 800**	**– 601**	**170 131**	**– 1 654**	**195 762**
Correction of error 2019 (net of tax)	–	–	–	–	2 588	–	2 588
Restated total equity at 31 December 2019	**1 346**	**27 340**	**– 800**	**– 601**	**172 719**	**– 1 654**	**198 350**
Currency translation adjustments	–	–	–	– 290	–	–	– 290
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	–	–	– 84	–	–	–	– 84
Remeasurement of post-employment benefit obligations	–	–	– 373	–	–	–	– 373
Reclassification from OCI positions [1]	–	–	443	–	– 443	–	–
Other comprehensive income	**–**	**–**	**– 14**	**– 290**	**– 443**	**–**	**– 747**
Group net profit	–	–	–	–	22 304	–	22 304
Total comprehensive income	**–**	**–**	**– 14**	**– 290**	**21 861**	**–**	**21 557**
Employee stock ownership plan	–	–	–	–	271	–	271
Acquisition of own shares	–	–	–	–	–	– 16 980	– 16 980
Disposal of own shares	–	–	–	–	23	16 441	16 464
Dividends and other distributions	–	–	–	–	– 53 846	–	– 53 846
Transactions with owners in their capacity as owners	**–**	**–**	**–**	**–**	**– 53 552**	**– 539**	**– 54 091**
Balance at 31 December 2020	**1 346**	**27 340**	**– 814**	**– 891**	**141 028**	**– 2 193**	**165 816**

[1] Reclassification in connection with pension obligations of discontinued operations.

The share of other comprehensive income attributable to discontinued operations is shown in note 7.

CHF 1 000	Share capital	Capital reserves	Gains and losses recognized in other compre-hensive income	Currency translation adjust-ments	Retained earnings	Treasury shares	Total
On January 1, 2019	**1 346**	**30 706**	**45 015**	**842**	**120 665**	**– 1 693**	**196 881**
Currency translation adjustments	–	–	–	– 1 443	–	–	– 1 443
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	–	–	4 266	–	–	–	4 266
Remeasurement of post-employment benefit obligations	–	–	– 1 962	–	–	–	– 1 962
Reclassification from OCI positions	–	–	– 48 119	–	48 119	–	–
Other comprehensive income	**–**	**–**	**– 45 815**	**– 1 443**	**48 119**	**–**	**861**
Group net profit (restated) [1]	–	–	–	–	14 033	–	14 033
Total comprehensive income	**–**	**–**	**– 45 815**	**– 1 443**	**62 152**	**–**	**14 894**
Employee stock ownership plan	–	–	–	–	1 481	–	1 481
Acquisition of own shares	–	–	–	–	–	– 9 779	– 9 779
Disposal of own shares	–	–	–	–	– 137	9 818	9 681
Dividends and other distributions	–	– 3 366	–	–	– 11 442	–	– 14 808
Transactions with owners in their capacity as owners	**–**	**– 3 366**	**–**	**–**	**– 10 098**	**39**	**– 13 425**
Balance at 31 December 2019	**1 346**	**27 340**	**– 800**	**– 601**	**172 719**	**– 1 654**	**198 350**

[1] The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

The share of other comprehensive income attributable to discontinued operations is shown in note 7.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	1.1.–31.12.2020	**1.1.–31.12.2019 restated***
Cash flow from operating activities		
Group net profit from continuing operations	23 022	19 460
Group net profit from discontinued operations	– 718	– 5 427
Total group profit	**22 304**	**14 033**
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results:		
Depreciation and amortization	4 777	5 248
Impairment of goodwill and intangible assets	9 578	8 341
Change in provisions	– 751	7 600
Income taxes	8 870	5 704
Other non-cash items	1 042	1 952
Net (increase) / decrease in operating assets		
Receivables and other assets	– 38 689	– 38 742
Financial assets and trading positions	– 14 677	61 176
Net increase / (decrease) in liabilities		
Payables and other financial liabilities	168 017	– 79 914
Paid income taxes	– 12 294	– 7 858
Interest paid	– 149	– 503
Interest received	81	–
Dividend received	494	5 535
Cash flow from operating activities	**148 603**	**– 17 428**
Cash flow from investing activities		
Purchase of property and equipment	– 429	– 644
Acquisition of intangible assets	– 142	– 200
Disposal of property and equipment	16	–
Payments for acquisitions of controlled entities, net of cash	– 69	– 7 567
Reduction in cash and cash equivalents following disposal of subsidiaries	– 148 271	–
Net cash flow from investing activities	**– 148 895**	**– 8 411**
Cash flow from financing activities		
Cash distributions / dividends paid	– 53 846	– 14 807
Leasing payments	– 2 252	– 2 132
Purchases of treasury shares	– 16 980	– 9 779
Disposal of treasury shares	11 108	7 818

Net cash flow from investing activities	**– 61 970**	**– 18 900**
Currency translation effects	– 639	– 97
Net increase / decrease in cash and cash equivalents	**– 62 901**	**– 44 836**
Cash at the beginning of the period	**145 448**	**190 284**
Cash at the end of the period	**82 547**	**145 448**

*) The previous-year period has been adjusted. We refer to the statements on the change in presentation in section 16.3 and on the correction of errors in section 4.2.

The cash flow statement does not differentiate between continuing and discontinued operations. The cash flows of discontinued operations is shown separately in note 7.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Segment information

The Group Executive Board is the Group's chief operating decision maker and reviews the results from a product-related as well as a geographical perspective. As a result of the sale of Bank am Bellevue, Bellevue Group is focusing exclusively on the Asset Management business unit and has therefore reported only one reportable segment since December 31, 2019. The segment consists of the operating business units Bellevue Asset Management, StarCapital and Bellevue Private Markets. The offering includes a broad-based range of investment funds as well as investment solutions for institutional, intermediary and private clients. The segment's investment philosophy is characterized by a purely active management approach. Bellevue Asset Management has a clear focus on managing equity portfolios for selected sector and regional strategies, based on a fundamental and research-driven stock picking approach («bottom up»). In contrast, StarCapital AG pursues a holistic asset management approach based on quantitative and experience-driven investment approaches with pronounced anti-cyclicality. Its well-diversified product offering in the areas of asset-managed strategies, global bond and equity strategies, and multi-asset class solutions thus exhibits a high degree of complementarity. Bellevue Private Markets specializes in developing exclusive investment opportunities in unlisted companies for its investor group. In addition, it acts as investment advisor for private equity funds. This represents a further diversification of the investment universe with low correlation to the capital markets. All three business units operate in similar regions. Group Management monitors the results of the three business units both on a consolidated basis and separately.

The geographical breakdown of operating income is as follows:

CHF 1 000	**1.1.–31.12.2020**	**1.1.–31.12.2019**
Operating income		
Switzerland	94 862	100 715
Germany	6 999	9 687
Other countries	10 051	948
Total	**111 912**	**111 350**
thereof from continuing operations	109 851	101 368
thereof from discontinued operations	2 061	9 982

All income from discontinued operations was managed in Switzerland in the period under review and in the previous period.

Total non-current assets (including goodwill and excluding other financial assets at fair value) are as follows:

CHF 1 000	31.12.2020	31.12.2019
Non-current assets		
Switzerland	38 304	41 412
Germany	19 173	30 372
Other countries	133	429
Total	**57 610**	**72 213**

2 Details on the consolidated income statement

2.1 Revenues from asset management services

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019
Management fees	102 423	95 370
Performance fees	3 818	6 256
Other commission income	2 993	1 080
Fee and commission expense	– 415	– 550
Revenues from asset management services	**108 819**	**102 156**

Management fees are generated from asset management mandates with listed investment companies, regulated funds in various countries, private equity funds or institutional counterparties. The fees are mostly collected on a monthly basis.

Various mandates include performance fees. These are only taken into account when the performance period has been completed. For regulated funds, this is the calendar year. In some cases, mandates are invoiced on a quarterly basis. In the case of private equity funds, depending on the partnership agreement, this takes place when the fund is redeemed or dissolved.

Other commission income includes transaction-related fees.

2.2 Net other income

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019
Dividend income	494	524
Interest income	44	8
Interest expenses	– 103	– 101
Net foreign exchange income/losses	– 613	– 186
Other	139	303
Total net other income	**– 39**	**548**

2.3 Personnel expenses

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019 restated*
Fix and variable salaries	50 113	45 054
Pension cost	– 2 864	– 1 620
Other social benefits	4 281	3 693

Other personnel expenses	364	667
Total personnel expenses	**51 894**	**47 794**

*) The previous-year period has been adjusted. We refer to the statement on the correction of errors in section 4.2.
1) For further details see note 3.8.

The compensation system for Bellevue Group employees is conceived to motivate employees at all operating units to do excellent work. It is a compensation model based on «personal ownership» and merit system principles. In setting fixed salaries, a restrained policy prevails from a business point of view. On the other hand, variable compensation is offered under an attractive ownership-oriented profit-sharing plan. This profit-sharing plan is tied directly to Bellevue Group's operating results. Moreover, part of this bonus is paid in the form of restricted stock awards and shares of in-house products («we eat our own cooking»). This system is conducive to a culture of high performance with a long-term horizon.

The basis for calculating Bellevue Group's variable compensation pool is adjusted consolidated earnings before taxes.

EBT consolidated + **Total pool variable compensations** +/– **Adjustments for IFRS entries that can't be influenced operationally** – **Cost of capital** = **adjusted EBT**

A fixed portion of the adjusted Group profit before taxes is allocated to the employees (total pool of variable compensation). Due to the direct link between the Group's results and the total pool of variable compensation, there is a mechanism in place to ensure that variable compensation is commensurate with the Group's operating performance (variabilization of profit-sharing).

2.4 Operating expenses

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019
Occupancy and maintenance expenses	707	731
IT and telecommunications	3 161	3 076
Travel and representation, PR, advertising	2 557	4 070
Consulting and audit fees	2 124	1 820
Research expenses	2 071	2 266
Other operating expenses	1 085	1 148
Total Other operating expenses	**11 705**	**13 111**

2.5 Depreciation and amortization

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019
Depreciation of property and equipment	667	284
Depreciation of rights of use	2 196	1 943
Depreciation of intangible fixed assets	1 914	2 020
Total Depreciation and amortization	**4 777**	**4 247**

2.6 Valuation adjustments and provisions

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019
Value adjustment Goodwill (Impairment)	7 434	7 392
Value adjustment intangible assets (Impairment)	2 144	949
Total Valuation adjustments and provisions	**9 578**	**8 341**

For further details, please refer to the comments under section 3.6.

2.7 Tax

2.7.1 Income taxes

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019 restated*
Current income taxes	8 675	8 295
Deferred income taxes	200	120
Total	**8 875**	**8 415**

Tax income reconciliation		
Pre-tax result	31 897	27 875
Expected rate of income tax [1]	19%	19%
Expected income tax	6 060	5 296
Reasons for higher/lower amounts:		
Difference between applicable local tax rates and assumed mixed tax rate	273	650
Non-deductible expenses	2 196	2 469
Tax income unrelated to accounting period	346	–
Total income taxes	**8 875**	**8 415**

*) The previous-year period has been adjusted. We refer to the statement on the correction of errors in section 4.2.
1) The expected income tax rate is a mixed tax rate estimated by considering all the different businesses of the Group.

CHF 1 000	1.1.–31.12.2020		
Tax effect of other comprehensive income	**Amount before taxes**	**Tax income/ (expense)**	**Amount after taxes**
Currency translation adjustments	– 290	–	– 290
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	– 104	20	– 84
Remeasurement of post-employment benefit obligations IAS 19	– 460	87	– 373
Total	**– 854**	**107**	**– 747**

CHF 1 000	1.1.–31.12.2019		
Tax effect of other comprehensive income	**Amount before taxes**	**Tax income/ (expense)**	**Amount after taxes**
Currency translation adjustments	– 1 443	–	– 1 443
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	4 298	– 32	4 266
Remeasurement of post-employment benefit obligations IAS 19	– 2 432	470	– 1 962
Total	**423**	**438**	**861**

2.7.2 Deferred tax assets

CHF 1 000	Provisions and pension obligations	Other	Total
Balance as of 1.1.2019	270	333	603
Credited/(charged)			
to profit or loss	– 526	249	– 277
to other comprehensive income	419	–	419
directly to equity	– 163	– 115	– 278
Currency translation adjustments	–	– 2	– 2
Balance as of 31.12.2019	**–**	**465**	**465**
Balance as of 1.1.2020	–	465	465
Credited/(charged)			
to profit or loss	–	– 27	– 27
Currency translation adjustments	–	– 5	– 5
Balance as of 31.12.2020	**–**	**433**	**433**

CHF 1 000	31.12.2020	31.12.2019
Expiry of unrecognized loss carryforwards		
1 to 5 years	12 605	12 605
More than 5 years	3 404	–
Total	**16 009**	**12 605**

The non-capitalized loss carryforwards originate mainly from Bellevue Group AG. Due to the tax deduction for investments, no income tax benefit will most likely arise for Bellevue Group if these loss carryforwards are utilized. Based on this fact, no deferred tax asset was capitalized.

2.7.3 Deferred tax liabilities

CHF 1 000	Intangible assets	Assets from pension plans	Other [1]	Total
Balance as of 1.1.2019	3 361	–	2 115	5 476
Charged/(credited)				
to profit or loss	– 776	68	551	– 157
to other comprehensive income	–	–	– 15	– 15
Currency translation adjustments	– 48	–	– 1	– 49
Business combination	380	–	–	380
Balance as of 31.12.2019	**2 917**	**68**	**2 650**	**5 635**
Balance as of 1.1.2020	2 917	68	2 650	5 635
Charged/(credited)				
to profit or loss	– 1 069	887	355	173
to other comprehensive income	–	2	– 20	– 18
directly to equity	125	–	–	125
Currency translation adjustments	– 20	–	16	– 4
Business combination	44	–	–	44
Balance as of 31.12.2020	**1 996**	**957**	**3 001**	**5 954**

[1] Other deferred tax assets refer to the result of the adoption of IFRS 2 (share-based payment) and IAS 19 (other long-term employee benefits).

3 Details on the consolidated balance sheet

3.1 Financial assets and financial liabilities

3.1.1 Fair value of financial instruments

CHF 1 000	31.12.2020 Book value	31.12.2019 Book value
Assets		
Financial investments		
Investments in own products	22 297	28 475
Investments in own products to fulfill long-term incentive plans	19 081	14 454
Derivative financial instruments	–	30
Other investments in equity instruments	1 306	4 411
Assets classified as held of sale	–	6 935
Financial assets at fair value through profit and loss	**42 684**	**54 305**
Financial investments		
Investments in own products	989	16
Other investments in equity instruments	10 195	–
Financial assets with OCI fair value measurement	**11 184**	**16**
Total financial assets at fair value	**53 868**	**54 321**
Liabilities		
Other financial liabilities	91	–
Liabilities directly associated with assets held for sale	–	218
Financial liabilities at fair value through profit and loss	**91**	**218**
Total financial liabilities at fair value	**91**	**218**

The fair value of other financial instruments measured at amortised cost does not differ significantly from their book value.

3.1.2 Valuation methods of financial instruments

CHF 1 000	**Level 1**	**Level 2**	**Level 3**	**Total**
31.12.2020				
Assets				
Financial investments				
Investments in own products	2 794	13 944	6 548	23 286
Investments in own products to fulfill long-term incentive plans	19 081	–	–	19 081
Other investments in equity instruments	541	159	10 801	11 501
Financial assets at fair value	**22 416**	**14 103**	**17 349**	**53 868**
Liabilities				
Other financial liabilities	–	11	80	91
Financial liabilities at fair value	**–**	**11**	**80**	**91**

CHF 1 000	**Level 1**	**Level 2**	**Level 3**	**Total**
31.12.2019				
Assets				
Financial investments				
Investments in own products	2 941	19 261	6 289	28 491
Investments in own products to fulfill long-term incentive plans	14 454	–	–	14 454
Derivative financial instruments	–	30	–	30
Other investments in equity instruments	1 223	159	3 029	4 411
Assets classified as held of sale	375	6 560	–	6 935
Financial assets at fair value	**18 993**	**26 010**	**9 318**	**54 321**
Liabilities				
Liabilities directly associated with assets held for sale	–	218	–	218
Financial liabilities at fair value	**–**	**218**	**–**	**218**

No transfer between levels of the fair value hierarchy took place in 2020 or in the previous period.

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

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

Level 3 instruments
If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These instruments include private-equity funds and unlisted equity instruments, as well as the contingent purchase price liability. The fair value of private equity funds is determined based on the last available net asset values, less necessary value adjustments according to own assessment. The fair value of unlisted equity instruments is determined primarily based on currently available financial information. Secondarily, depending on the equity security, different multiples based on currently available financial information are used to verify the valuation. If no multiples are applicable, the net asset value is used. The valuation of the contingent purchase price liability is mainly based on the underlying contractual share purchase terms and conditions.

3.1.3 Level 3 financial instruments

CHF 1 000	31.12.2020 Financial investments	31.12.2019 Financial investments
Holdings at the beginning of the year as 1.1.	9 318	63 368
Investments	8 274	3 356
Redemptions/Payments	–	– 58 139
Losses recognized in the income statement	– 216	– 3 565
Losses recognized in other comprehensive income	– 104	– 80
Gains recognized in the income statement	77	–
Gains recognized in other comprehensive income	–	4 378
Total book value at balance sheet date	**17 349**	**9 318**
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period	**– 139**	**– 3 565**

Key assumptions for the valuation of level 3 financial instruments vary from investment to investment. The following table shows the effect on the valuation when these assumptions are changed:

Sensitivity analysis	Fair value	Key assumption	Changes in key assumption	Change in fair value in CHF 1 000
Private Equity funds	7 154	Net asset value	+ 5 percentage points	358
			– 5 percentage points	– 358
Unlisted equity investments				
Primary sensitivity	10 195	Transaction prices	+ 5 percentage points	510
			– 5 percentage points	– 510
Secondary sensitivity	6 000	EBITDA-multiple	+ 1 factor	530
			– 1 factor	– 530
	2 098	Revenue-multiple	+ 1 factor	403
			– 1 factor	– 403
	2 097	Net asset value	+ 5 percentage points	105
			– 5 percentage points	– 105

CHF 1 000	Other financial liabilities	Other financial liabilities
Holdings at the beginning of the year	–	15 525
Investments	80	–
Payments	–	– 5 305
Losses recognized in the income statement	–	71
Losses recognized as other comprehensive income	–	8
Total book value at balance sheet date	**80**	**–**
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date and recorded in the income statement in the period	**–**	**–**

In the reporting period 2019, the last tranches of the contingent purchase price payments in connection with the acquisition StarCapital AG and MARS Asset Management GmbH were due and paid. This led to a loss of CHF 0.1 million, which was recognized in the income statement. The contingent purchase price payment from the acquisition of REALWERK AG in 2020 of CHF 0.1 million is included in the balance sheet item «Other financial liabilities» and represents the remaining purchase price liability owed. The valuation is mainly based on the underlying share purchase agreement provisions.

3.1.4 Derivative financial instruments

CHF 1 000	Positive replacement value	Negative replacement value	Contract volume
31.12.2020			
Forward contracts (OTC) [2]	–	11	2 950
Futures [1]	–	–	3 851
Total	**–**	**11**	**6 801**
31.12.2019			
Forward contracts (OTC) [2]	147	212	22 918
Currency swaps [1]	178	6	59 663
Futures [1]	–	–	5 172
Total	**325**	**218**	**87 753**
thereof from continuing operations	30	–	9 708
thereof from discontinued operations	295	218	78 045

1) Level 1: listed on an active market
2) Level 2: valuated on the basis of models with observable input factors

Derivatives are used exclusively for economic hedging purposes and not as speculative investments. However, if derivatives do not meet the criteria for hedge accounting, they are classified as «Financial investments» and recognized at fair value through profit or loss for financial reporting purposes.

3.2 Trade and other receivables

CHF 1 000	31.12.2020	31.12.2019
Trade receivables	15 801	15 794
Prepayments	561	1 034
Other receivables	1 714	2 193
Total	**18 076**	**19 021**

3.3 Financial investments

CHF 1 000	31.12.2020	31.12.2019
Investments in own products	23 286	28 491
Investments in own products to fulfill long-term incentive plans	19 081	14 454
Derivative financial instruments	–	30
Other investments in equity instruments	11 501	4 411
Total	**53 868**	**47 386**
Current	46 713	40 568
Non-current	7 155	6 818
Total	**53 868**	**47 386**

3.4 Other assets

CHF 1 000	31.12.2020	31.12.2019 restated*
Assets related to other employee benefits	15 815	11 329
Assets from pension plans	5 034	355
Other	1 443	519
Total	**22 292**	**12 203**
Current	8 363	5 774
Non-current	13 929	6 429
Total	**22 292**	**12 203**

*) The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

3.5 Property and equipment

CHF 1 000	IT equipment	Right of use	Other fixed assets	Total
Acquisition cost				
Balance as of 1.1.2019	2 750	–	1 849	4 599
First-time adoption effect IFRS 16	–	8 425	–	8 425
Additions	625	796	19	1 440
Disposals	– 1 108	–	–	– 1 108
Balance as of 31.12.2019	2 267	9 221	1 868	13 356
Additions	198	50	231	479
Disposals	– 33	– 790	– 104	– 927
Balance as of 31.12.2020	**2 432**	**8 481**	**1 995**	**12 908**
Accumulated depreciation				
Balance as of 1.1.2019	– 2 186	–	– 1 391	– 3 577
Additions	– 169	– 1 943	– 115	– 2 227
Additions from discontinued operations	– 296	– 158	–	– 454
Disposals	1 108	–	–	1 108
Foreign currency impact	–	48	–	48
Balance as of 31.12.2019	– 1 543	– 2 053	– 1 506	– 5 102
Additions	– 383	– 2 196	– 284	– 2 863
Disposals	33	–	83	116
Foreign currency impact	–	– 27	–	– 27
Balance as of 31.12.2020	**– 1 893**	**– 4 276**	**– 1 707**	**– 7 876**
Net carrying values				
Balance as of 1.1.2019	564	–	458	1 022
Balance as of 31.12.2019	724	7 168	362	8 254
Balance as of 31.12.2020	**539**	**4 205**	**288**	**5 032**

3.6 Goodwill and other intangible assets

CHF 1 000	31.12.2020	31.12.2019
Goodwill	44 047	51 670
Other intangible assets	8 531	12 289
Total	**52 578**	**63 959**

CHF 1 000	Total
Goodwill	
Acquisition cost	
Balance as of 1.1.2019	105 219
Additions	5 830
thereof changes in the scope of consolidation	5 830
Foreign currency effect	– 1 072
Balance as of 31.12.2019	109 977
Foreign currency effect	– 189
Balance as of 31.12.2020	**109 788**
Accumulated valuation adjustments	
Balance as of 1.1.2019	– 50 915
Additions	– 7 392
Balance as of 31.12.2019	– 58 307
Additions	– 7 434
Balance as of 31.12.2020	**– 65 741**
Net carrying values	
Balance as of 1.1.2019	54 304
Balance as of 31.12.2019	51 670
Balance as of 31.12.2020	**44 047**

The additions to goodwill in the financial year 2019 stem from the acquisition of the 100% investment in adbodmer AG.

Bellevue Group basically examines the value of the goodwill annually, based on the estimated recoverable amount that can be obtained per each single cash-generating unit, or group of such units (depending on allocation). If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently.

The recoverable amount is determined to be the value-in-use and is calculated using the discounted cash flow method. The projected free cash flows for the respective cash-generating units are estimated based on five-year financial plans. The business plans approved by management serve as the basis for these estimates of projected free cash flows. These cash flows are discounted to present value.

The following key parameters and their single components have been taken into account in the discounted cash flow method:

– Income on the average assets under management and the expected return on assets (management and performance fees);
– Transaction-related income;
– Discount rate.

An impairment test was carried out at the end of December 2020. The discount rate used in these calculations was 10.6% (31.12.2019: between 8.9% and 10.0%) and the assumed growth rate was between 1% and 2% (31.12.2019: between 1% and 2%). A further reduction in the assets under management of StarCapital AG in the first half of 2020 and the resulting expected cash flow surpluses compared to the business plan have led to an adjustment of the estimate for the future earnings achievable by StarCapital AG. As a result, the goodwill for StarCapital AG had to be impaired by CHF 5.3 million as of June 30, 2020. The impairment test as of the end of December 2020 resulted in an additional impairment of goodwill of the CGU StarCapital AG of CHF 2.1 million mainly due to the higher cost of equity used. This amount corresponds to the amount by which the carrying amount exceeds the recoverable amount. Assuming that the used growth rates of expected cash inflows (which depend primarily on the return on average assets under management and expected investment returns) would be assumed to be 20% lower or the used discount rate 10% higher, this could lead to an additional goodwill impairment of CHF 4.0 million or CHF 4.5 million, respectively. The goodwill allocated to the cash-generating unit StarCapital AG amounts to CHF 14.4 million as of December 31, 2020. The remaining goodwill (CHF 29.6 million) is attributable to the cash-generating units Bellevue Asset Management AG and adbodmer AG.

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

CHF 1 000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 1.1.2019	47 570	379	521	48 470
Additions	2 000	–	200	2 200
thereof changes in the scope of consolidation	2 000	–	–	2 000
Write-offs	–	–	– 721	– 721
Foreign currency effect	– 299	– 4	–	– 303
Balance as of 31.12.2019	49 271	375	–	49 646
Additions	–	–	372	372
thereof changes in the scope of consolidation	–	–	230	230
Foreign currency effect	– 71	– 1	–	– 72
Balance as of 31.12.2020	**49 200**	**374**	**372**	**49 946**
Accumulated valuation adjustments				
Balance as of 1.1.2019	– 34 161	– 227	– 174	– 34 562
Additions	– 1 945	– 75	–	– 2 020
Impairment	– 949	–	–	– 949
Additions from discontinued operations	–	–	– 547	– 547
Write-offs	–	–	721	721
Balance as of 31.12.2019	– 37 055	– 302	–	– 37 357
Additions	– 1 799	– 49	– 66	– 1 914
Impairment	– 2 144	–	–	– 2 144
Balance as of 31.12.2020	**– 40 998**	**– 351**	**– 66**	**– 41 415**
Net carrying values				
Balance as of 1.1.2019	13 409	152	347	13 908
Balance as of 31.12.2019	12 216	73	–	12 289
Balance as of 31.12.2020	**8 202**	**23**	**306**	**8 531**

The other intangible assets are amortized over a period of 5 to 15 years and are included in the impairment test described under «Goodwill» (see above).

As of December 31,.2020, the review of the residual values of the StarCapital AG client base resulted in an additional impairment of CHF 0.4 million (as of June 30, 2020, the review of the residual values of the StarCapital AG/MARS Asset Management GmbH client base resulted in an impairment of CHF 1.7 million). The discount rate used for this purpose was currently between 10.7% and 12.1% (December 31, 2019: 11.5%) and the applied growth rate between 1% and 2% (December 31, 2019: 2%).

3.7 Trade and other payables

CHF 1 000	31.12.2020	31.12.2019
Trade payables	799	627
Accrued expenses	53 098	42 066
Other payables	1 572	4 025
Total	**55 469**	**46 718**
Current	39 241	35 583
Non-current	16 228	11 135
Total	**55 469**	**46 718**

3.8 Employee benefit plans

There are pension plans for most of the employees at Bellevue Group. These plans provide benefits in the event of death, disability, retirement or termination of employment. There were no unfunded liabilities due to employee pension plans as at the balance sheet date (previous year: no liabilities either). In Switzerland, pension contributions are paid equally by the employer and the employee. The foundation board is composed of an equal number of employee and employer representatives. According to Swiss law and the pension regulations, foundation boards are obliged to act solely in the interest of the foundation and its beneficiaries (active workforce and recipients of pensions). Hence, the employer cannot single-handedly determine the benefits and the funding; all resolutions have to be agreed on by both sides. The members of the foundation board are responsible for defining the investment strategy, for deciding on amendments to the pension regulations, and in particular for determining the funding of the pension benefits.

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

When determining the benefits, the minimum requirements of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be considered. The LOB defines minimum insured salary and minimum retirement assets. The Federal Council determines the minimum interest on these minimum retirement assets at least every two years. In 2020, it amounts to 1% (previous year: 1%).

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

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

CHF 1 000	**31.12.2020**	**31.12.2019**
Consolidated balance sheet		
Fair value of plan assets	46 875	53 352
Present value of pension obligations	– 41 622	– 53 425
Assets not available to Company	– 219	–
Asset/provision for pension obligation	**5 034**	**– 73**
thereof from continuing operations	5 034	355
thereof from discontinued operations	–	– 428

CHF 1 000	**1.1.–31.12.2020**	**1.1.–31.12.2019**
Pension cost recognised in the income statement		
Service cost		
Current service cost	– 1 911	– 2 396
Past service cost (plan amendments) [1]	4 681	4 754
Net interest expenses/income	4	– 7
Administrative expenses	– 66	– 78
Total pension cost for the period	**2 708**	**2 273**
thereof from continuing operations	2 893	1 671
thereof from discontinued operations	– 185	602

1) The plan amendments in 2020 and 2019 are mainly due to the persistently low-interest rate environment as a result of the fact that the conversion rates of the saved retirement capital were reduced by the pension fund.

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019
Revaluation components recorded in other comprehensive income		
Actuarial gains/losses		
Arising from changes in economic assumptions	– 2 607	– 4 248
Arising from experience	– 847	– 2 203
Return on plan assets (excluding amounts included in net interest expenses)	3 217	3 975
Changes in asset ceiling	– 219	–
Total of amounts recognised in other comprehensive income	**– 456**	**– 2 476**

CHF 1 000	2020	2019
Development of pension obligations		
At January 1	– 53 425	– 48 119
Current service cost	– 1 911	– 2 396
Employee contributions	– 265	– 274
Interest expenses on the present value of the obligations	– 131	– 305
Pension payments and vested benefits	4 240	1 870
Additions from admissions and voluntary contributions	– 3 321	– 2 504
Plan amendments	4 681	4 754
Pension obligations sold as part of acquisitions	11 964	–
Actuarial gains/losses	– 3 454	– 6 451
At December 31	**– 41 622**	**– 53 425**
Development of plan assets		
At 1 January	53 352	46 228
Interest income	135	298
Plan participants' contribution	265	274
Company contributions	1 930	2 021
Pension payments and vested benefits	– 4 240	– 1 870
Additions from admissions and voluntary contributions	3 321	2 504
Return on plan assets (excluding amounts in net interest)	3 217	3 975
Pension obligations sold as part of acquisitions	– 11 039	–
Administration expense	– 66	– 78
At December 31	**46 875**	**53 352**
Actual return on plan assets	**3 352**	**4 273**

CHF 1 000	**31.12.2020**	**31.12.2019**
Allocation of plan assets		
Equities		
Listed investments	18 263	18 854
Bonds		
Listed investments	5 005	5 556
Real estate		
Investments in funds	2 722	2 560
Alternative investments	4 082	3 948
Qualified insurance policies	2 976	3 881
Liquidity	13 827	18 553
Total	**46 875**	**53 352**

The plan assets allocation as at December 31, 2020, as well as at December 31, 2019, do not include shares of Bellevue Group AG. The foundation board issues investment guidelines for the investment of plan assets. These guidelines include tactical asset allocation and benchmarks for comparing the results with a general investment universe. The plan assets are well diversified. In terms of diversification and security, the Swiss pension plan is subject to the provisions of the OPA. As a rule, bonds receive at least a rating of A.

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

Defined-benefit obligations are distributed as follows:

CHF 1 000	**31.12.2020**	**31.12.2019**
Active workforce	38 646	49 544
Pensioners	2 976	3 881
Total	**41 622**	**53 425**

The maturity of the obligation is 19.4 years as at December 31, 2020 (previous year: 20.1 years). The expected employer's contributions for 2021 are estimated at CHF 1.7 million.

CHF 1 000	**31.12.2020**	**31.12.2019**
Actuarial assumptions		
Biometric assumptions	BVG 2015GT	BVG 2015GT
Life expectancy at the age of 65		
Year of birth	1 955	1 954
Men	22.72	22.61
Women	24.76	24.65
Year of birth	1 975	1 974
Men	24.48	24.40
Women	26.51	26.44
Discount rate	0.20%	0.30%
Expected rate of salary increases	1.00%	1.50%
Expected rate of pension increases	0.00%	0.00%
Interest on pension assets	1.00%	1.00% (mandatory); 0.30% (super-mandatory)

Changes to the present value of a defined-benefit obligation

CHF 1 000	**31.12.2020**	**31.12.2019**
	+ 0.25%	+ 0.25%
Assumed interest rate	– 1 592	– 2 317
Salary development	263	392
Interest on pension assets	687	993
	+ 1 Jahr	**+ 1 year**
Development of life expectancy	583	873

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

3.9 Share capital/Conditional capital/Authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2019	13 461 428	1 346
Balance as of 31.12.2019	13 461 428	1 346
Balance as of 31.12.2020	**13 461 428**	**1 346**
Conditional capital		
Balance as of 1.1.2019	1 000 000	100
Balance as of 31.12.2019	1 000 000	100
Balance as of 31.12.2020	**1 000 000**	**100**

The purpose of the conditional capital (in total) according to Art. 3a of the Articles of Association is as follows:

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

The subscription rights of shareholders are excluded. After acquisition, the new registered shares are subject to the transfer restrictions pursuant to Art. 5 of the Articles of Association.

The conditional capital amounts to a maximum of CHF 100 000 as of the balance sheet date, which represents approximately 7.4% of the existing share capital.

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

	Number of shares	Par value CHF 1 000
Authorized capital		
Balance as of 1.1.2019	2 500 000	250
Balance as of 31.12.2019	2 500 000	250
Balance as of 31.12.2020	**–**	**–**

At the Annual General Meeting on March 24, 2020, the Board of Directors did not propose any renewal of the authorized capital increase provided for in Art. 3b of the Articles of Association (version of March 20, 2018). The corresponding provision of the Articles of Association was deleted without replacement by means of an amendment to the Articles of Association on May 7, 2020.

3.10 Treasury shares

	Number	CHF 1 000
Balance as of 1.1.2019	82 405	1 693
Purchases	455 826	9 851
Disposals	– 468 231	– 9 890
Balance as of 31.12.2019	70 000	1 654
Purchases	762 206	16 980
Disposals	– 746 064	– 16 441
Balance as of 31.12.2020	**86 142**	**2 193**

4 Significant estimates, judgments and errors

4.1 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.

Discontinued operations
On August 20, 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG (new: Quintet Private Bank (Switzerland) AG). As Bank am Bellevue AG represented a separate and material line of business of Bellevue Group, it is presented as a discontinued operation. Bellevue Group had to make assumptions and estimates regarding the allocation between continuing and discontinued operations. For details please refer to the notes to the consolidated financial statements, Section 7 «Discontinued operations».

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

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

Level 3 financial instruments (fair value)
Level 3 financial instruments are valued based on the inputs that are not based on observable market data. For details to the valuation methods applied for level 3 financial instruments refer to the notes to the consolidated financial statements on note 3.1.2 «Fair value financial instruments».

For details to the effect of significant changes on the assumptions behind the classification method for level 3 financial instruments refer the notes to the consolidated financial statements on note 3.1.3 «Level 3 financial instruments».

Pension plan
Management sets the actuarial assumptions and determines whether a pension plan surplus can be capitalized as an economic benefit for Bellevue Group. Pension costs are also subject to estimates and assumptions. The management believes that the assumptions and estimates which have been made are appropriate.

Review of goodwill and other intangible assets for impairment
Bellevue Group basically examines the value of the goodwill annually, based on the estimated recoverable amount that can be obtained per each single cash-generating unit, or group of such units (depending on allocation).

Established that an event or any circumstances cause a reduction in value of the goodwill, examinations will be performed more frequently.

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

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

4.2 Correction of the consolidated financial statements 2019 according to IAS 8

Following the publication of the consolidated financial statements 2019, Bellevue Group AG determined that personnel expenses were overstated due to incorrect accounting accrual in the financial year 2019.

According to IFRS, incorrect postings in the financial statements of a company have to be corrected in the period in which they are detected. Consequently, the comparative periods are to be adjusted (restatement). The facts of the case are described in detail below.

Under IAS 19 «Employee Benefits», compensation costs with a specific service period (service condition) must be spread over the term of the period. This resulted in a cut-off error in the consolidated income statement 2019. The correction will increase net profit after tax in 2019 by CHF 2.6 million to CHF 14.0 million and equally shareholders' equity by CHF 2.6 million to CHF 198 million. Earnings per share increased from CHF 0.85 to CHF 1.04 in the Annual Report 2019.

Impact on the consolidated Annual Report 2019:

Position	Before adjustment	Adjustment	Adjusted
Consolidated income statement			
Personnel expenses	– 50 989	3 195	– 47 794
Total operating expenses (incl. depreciation and amortization and valuation adjustments)	– 76 688	3 195	– 73 493
Profit before tax	24 680	3 195	27 875
Taxes	– 7 808	– 607	– 8 415
Group net profit from continuing operations	16 872	2 588	19 460
Group net profit	11 445	2 588	14 033
Earnings per share			
Undiluted earnings per share from continuing operations (in CHF)	1.26	0.19	1.45
Total undiluted earnings per share (in CHF)	0.85	0.19	1.04
Diluted earnings per share from continuing operations (in CHF)	1.26	0.19	1.45
Total diluted earnings per share (in CHF)	0.85	0.19	1.04
Consolidated statement of comprehensive income			
Total comprehensive income	12 306	2 588	14 894
Consolidated balance sheet			
Other assets	9 008	3 195	12 203
Total assets	389 951	3 195	393 146
Deferred tax liabilities	5 028	607	5 635
Total liabilities	194 189	607	194 796
Total shareholder's equity	195 762	2 588	198 350
Total liabilities and shareholders' equity	389 951	3 195	393 146

The correction has no impact on net cash flow from operating activities or net cash flow from investing and financing activities.

5 Risk management and risk control

5.1 Risk evaluation and risk policy

Risk management is based on the evaluation of risks by the Board of Directors and is ensuing risk policy, which is reviewed periodically. Independent risk control bodies monitor the risks at the individual operating unit level and at Group level. The Group Executive Board is informed on a regular basis about the assets, financial positions, liquidity and earnings of the Group and all related risks by means of financial and risk reporting procedures commensurate with each particular level of management. Risk reports are prepared at the individual operating unit level as well as at the Group level.

5.2 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 the financial investments.

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

Price change risks
The Group's exposure to foreign exchange risk arises from financial assets held by the Group, which are either recognized at fair value through profit or loss or directly in equity. To manage the price risk, the Group diversifies the portfolio and partially hedges it with index futures or listed index options. Financial assets are mainly investments in own products (equities, investment funds and private equity funds) and other financial assets (equities, private equity funds and various). Investments in own products for the fulfillment of long-term incentive plans are held to secure liabilities from entitlements of such plans and are therefore considered as economic hedges. All positions in financial assets are valued at fair value. Wherever possible, stock market prices are automatically imported into our systems and used for valuation purposes. The positions are monitored on a daily basis. Any change in price is fully reflected in profit or loss or comprehensive income.

A change in fair value of 10% in relation to the year-end value (net after hedging) would result in a change in equity of CHF 5.4 million (previous year: CHF 4.7 million) for the financial assets measured at fair value, of which CHF 4.3 million (previous year: CHF 4.7 million) would be recognized in profit or loss.

Interest risk
The Group's exposure to interest rate risk is marginal. On the one hand, the Group's cash and cash equivalents available on demand bear interest at market rates and, on the other hand, the influence of debt interest is low due to the high equity ratio. If borrowings are necessary, these are short-term fixed loans that bear interest at market rates.

Currency risk
The Group's exposure to interest rate risk is marginal. On the one hand, the Group's cash and cash equivalents available on demand bear interest at market rates and, on the other hand, the influence of debt interest is low due to the high equity ratio. If borrowings are necessary, these are short-term fixed loans that bear interest at market rates.

CHF 1 000	CHF	EUR	USD	Other
Net position on 31.12.2020		**36 991**	**11 152**	**1 643**
10% change in fair value	**+/– 4979**			
Net position on 31.12.2019		21 024	12 712	11 235
10% change in fair value	+/– 4497			

5.3 Default risk

The Group is exposed to default risk, which is the risk that a counterparty is unable to pay the amount due in full when due. The Group measures default risk and expected default losses based on the probability of default, exposure at default and loss given default. In determining expected default losses, the Group considers both historical analysis and forward-looking information. The Group manages and controls its default risk by maintaining business relationships only with counterparties with an acceptable credit rating.

The following table shows the maximum credit risk exposure of Bellevue Group at the balance sheet date:

CHF 1 000	31.12.2020	31.12.2019
Maximum exposure to credit risk		
Cash and cash equivalents	82 547	87 486
Trade and other receivables	18 076	19 021
Other assets	1 443	519
Total	**102 066**	**107 026**

As of December 31, 2020, there are no financial assets that are impaired (December 31,.2019: none) and there are no indications of material adverse effects on the credit quality of financial assets. In 2020, no significant impairments were identified on financial assets exposed to credit risk.

The following table provides an analysis of the maturity of financial assets with credit risk:

CHF 1 000	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Due after 5 years	Total
31.12.2020					
Cash and cash equivalents	82 547	–	–	–	82 547
Trade and other receivables	16 771	1 305	–	–	18 076
Other assets	7	57	1 379	–	1 443
Total	**99 325**	**1 362**	**1 379**	**–**	**102 066**
31.12.2019					
Liabilities/financial instruments					
Cash and cash equivalents	87 486	–	–	–	87 486
Trade and other receivables	17 637	1 384	–	–	19 021
Other assets	–	–	519	–	519
Total	**105 123**	**1 384**	**519**	**–**	**107 026**

As of December 31, 2020 and 2019, the ECL impairment model had no material impact as (i) the majority of financial assets are measured at fair value through profit or loss and the impairment requirements do not apply to such instruments; and (ii) the financial assets «at amortized cost» are mainly current. Consequently, no impairment loss has been recognized based on expected credit losses.

5.4 Liquidity risk

The CFO of Bellevue Group is responsible for managing liquidity and financing risks. Financing risks refer to the risk of Bellevue Group or one of its operating units being unable to refinance its current or anticipated obligations on an ongoing basis at acceptable conditions. Liquidity risks refer to the risk of Bellevue Group or one of its operating units being unable to 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 its liquidity and financing risks on an integrated basis at the consolidated level. Day-to-day liquidity management is performed at the level of the individual Group companies by functions responsible for this. Financing capacities are managed through appropriate diversification of funding sources and the provision of collateral, thereby reducing liquidity risks.

Risk management ensure that Bellevue Group always has sufficient liquidity to be able to fulfill its payment obligations, even in stress scenarios. The liquidity risk management system therefore comprises functional risk measurement and control systems to ensure its continuous ability to pay its obligations at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions as part of the defined liquidity risk tolerance. They mainly include risk mitigation measures, the holding of a liquidity buffer comprising highly liquid assets, and a contingency plan to manage any liquidity shortfalls. In the event of an unexpected tightening of liquidity, the Group can also access a portfolio of positions that retain their value and can easily be liquidated.

The maturity structure of financial liabilities is as follows:

CHF 1 000	**Due within 3 months**	**Due within 3 to 12 months**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
31.12.2020					
Trade and other payables	28 341	10 900	16 228	–	55 469
Leasing liabilities [1]	484	1 305	2 368	–	4 157
Other financial liabilities	56	35	–	–	91
Total	**28 881**	**12 240**	**18 596**	**–**	**59 717**

[1] According to IFRS 7 B11D, the undiscounted contractual cash flows relating to the gross lease liabilities must be disclosed. The corresponding undiscounted cash flows differ from the amount recognised in the balance sheet because the amount is based on discounted cash flows.

CHF 1 000	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Due after 5 years	Total
31.12.2019					
Trade and other payables	30 541	5 042	11 135	–	46 718
Leasing liabilities [1]	568	757	6 198	–	7 523
Total from continuing operations	**31 109**	**5 799**	**17 333**	**–**	**54 241**
Liabilities directly associated with assets held for sale	117 213	–	–	–	117 213
Total	**148 322**	**5 799**	**17 333**	**–**	**171 454**

[1] According to IFRS 7 B11D, the undiscounted contractual cash flows relating to the gross lease liabilities must be disclosed. The corresponding undiscounted cash flows differ from the amount recognised in the balance sheet because the amount is based on discounted cash flows.

5.5 Operational risk

Operational risks represent the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events.

All business activities entail operational risks, which are prevented, mitigated, transferred or even assumed based on cost/benefit considerations. During this process, potential legal, regulatory and compliance-related risks are taken into account, as are follow-on risks in the form of reputational risks.

The Group-wide process model represents the basis for the management of operational risks. As part of the systematic assessments that are performed annually, the operational risks in all critical processes and process entities are identified and evaluated. In addition, further attention is focused on core security topics such as data protection and business continuity management, which are guaranteed through the use of extra tools.

All measures to control operational risks from part of the Internal Control Systems (ICS).

5.6 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.

6 Business combination

On January 7, 2020, Bellevue Private Markets AG, a 100% subsidiary of Bellevue Group AG, acquired 100% of the shares in REALWERK AG, based in Zug, Switzerland, for CHF 0.2 million thereof CHF 0.1 million in cash. The conditional purchase price payment amounts to CHF 0.1 million. The acquired company offers consulting and management services to qualified investors.

7 Discontinued operations

On August 20, 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG (new: Quintet Private Bank (Switzerland) AG) (including its subsidiary Bellevue Investment Advisers AG).

After receiving all the necessary regulatory approvals, Bellevue Group successfully closed the sale of Bank am Bellevue AG to Quintet Private Bank on April 30, 2020, and Bank am Bellevue's workforce and its client relationships with underlying assets of CHF 1.7 billion have been transferred to Quintet Private Bank.

On January 28, 2020, the General Meeting of Shareholders of Bank am Bellevue AG unanimously resolved to distribute the available earnings of CHF 49.1 million and the reserves from tax-exempt capital contributions of CHF 1.3 million to the wholly owned parent company, Bellevue Group AG. The total distribution of CHF 50.4 million was made on January 29, 2020, and is allocated to continuing operations under the item «Cash and cash equivalents» in the consolidated balance sheet.

Further detailed disclosures on the discontinued operation are made below:

CHF 1 000	**1.1.–31.12.2020**	**1.1.–31.12.2019**
Income statement of discontinued operations		
Operating income [1]	2 061	9 982
Personnel expenses	– 2 340	– 6 003
Other operating expenses	– 1 195	– 3 725
Depreciation and Amortization	–	– 403
Losses from revaluation to fair value less cost of disposal	–	– 599
Profit before tax from discontinued operations	**– 1 474**	**– 748**
Taxes [2]	5	2 921
Valuation adjustments and provisions [3]	751	– 7 600
Group net profit from discontinued operations	**– 718**	**– 5 427**
Statement of comprehensive income for discontinued operations		
Currency translation adjustments	–	–
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	–	4 331
Remeasurements of post-employment benefit obligations	– 383	– 173
Other comprehensive income for discontinued operations	**– 383**	**4 158**
Statement of cash flows for discontinued operations		
Net cash flow from operating activities	117 391	– 98 098
Net cash flow from investing activities	– 176 252	– 200
Net cash flow from financing activities	899	25
Currency translation effects	–	–
Net cash flow	**– 57 962**	**– 98 273**
Earnings per share (discontinued operations)		
Basic earnings per share (in CHF)	– 0.05	– 0.41
Diluted earnings per share (in CHF)	– 0.05	– 0.41

1) The comparative period includes CHF 4.8 million dividend income from the SIX participation.

2) In the comparative period, deferred income taxes of CHF 3.1 million on tax loss carryforwards in connection with the sale of the SIX investment were capitalized as of June 30, 2019, and realized in the second half of 2019.

3) In connection with the completion of the sale of Bank am Bellevue in the first half of 2020, provisions of CHF 0.8 million no longer required were released to the income statement.

As the balance sheet items of the discontinued operations as of December 31, 2020, are not included in the consolidated balance sheet of Bellevue Group, they are shown in the following two tables with the old balance sheet structure.

CHF 1 000	**31.12.2020**	**31.12.2019**
Assets held for sale		
Cash and cash equivalents (incl. due from banks)	–	57 962
Due from clients	–	85 648
Trading portfolio assets	–	6 640
Positive replacement values	–	295
Accrued income and prepaid expenses	–	521
Current tax assets	–	413
Deferred tax assets	–	81
Other assets	–	2 147
Total assets held for sale	**–**	**153 707**
Liabilities directly associated with assets held for sale		
Due to clients	–	115 609
Negative replacement values	–	218
Accrued expenses and deferred income	–	1 087
Current tax liabilities	–	2 382
Provisions and pension obligations	–	428
Other provisions [1)]	–	7 600
Other liabilities	–	300
Total liabilities directly associated with assets held for sale	**–**	**127 624**

CHF 1 000	**31.12.2020**	**31.12.2019**
Amounts included in accumulated OCI		
Currency translation adjustments	–	–
Gains and losses arising on revaluation of financial assets	–	–
Remeasurements of post-employment benefit obligations	–	60
Total amounts included in accumulated OCI	**–**	**60**

1) In connection with the sale of Bank am Bellevue, there were one-off provisions based on the terms of sale contractually agreed between the parties.

CHF 1 000 **Off-balance sheet**	**31.12.2020**	**31.12.2019**
Irrevocable commitments		
Undrawn irrevocable credit facilities	–	124
of which payment obligation to the protection of deposits	–	124
Total	**–**	**124**
Fiduciary transactions		
Fiduciary placements with third-party banks	–	22 952
Total	**–**	**22 952**

The aggregated carrying amounts of net assets disposed of and the aggregated cash outflows on disposal of subsidiaries in 2020 were as follows:

CHF 1 000	**30.4.2020**
Cash and cash equivalents (incl. due from banks)	176 252
Due from clients	116 531
Trading portfolio assets	14 632
Positive replacement values	209
Accrued income and prepaid expenses	964
Current tax assets	454
Deferred tax assets	175
Other assets	405
Due to clients	– 270 066
Negative replacement values	– 527
Accrued expenses and deferred income	– 645
Current tax liabilities	– 2 382
Provisions and pension obligations	– 925
Other liabilities	– 248
Net assets disposed of	**34 829**
Selling price (cash and cash equivalents)	**27 981**
Cash and cash equivalents disposed of	– 176 252
Net cash flow from the sale of companies	**– 148 271**

8 Major subsidiaries

Company name	Domicile	Purpose	Currency	Share capital/ Nominal capital	31.12.2020 Share of Capital	31.12.2020 Share of Voting rights	31.12.2019 Share of Capital	31.12.2019 Share of Voting rights
Fully consolidated companies								
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 346 143	Parent company		Parent company	
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset Management	CHF	1 750 000	100%	100%	100%	100%
Bellevue Asset Management (Deutschland) GmbH	Frankfurt am Main, Germany	Asset Management	EUR	25 000	100%	100%	100%	100%
Bellevue Asset Management (UK) Limited	London, UK	Asset Management	GBP	50 000	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%
BB Biotech Ventures G.P.	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
BB Pureos Bioventures GP Limited	Guernsey	Investment Advisor	GBP	60 000	99%	99%	99%	99%
StarCapital AG	Oberursel, Germany	Asset Management	EUR	540 000	100%	100%	100%	100%
adbodmer AG	Horgen, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Private Markets AG	Küsnacht, Switzerland	Holding	CHF	1 000 000	100%	100%	100%	100%
Realwerk AG 1)	Horgen, Switzerland	Investment Advisor	CHF	100 000	100%	100%	0%	0%
Bellevue Komplementär AG 2)	Küsnacht, Switzerland	Asset Management	CHF	200 000	100%	100%	0%	0%
Bank am Bellevue AG 3)	Küsnacht, Switzerland	Bank	CHF	25 000 000	0%	0%	100%	100%
Bellevue Investment Advisers AG 3)	Zürich, Switzerland	Asset Management	CHF	500 000	0%	0%	100%	100%

1) The company was acquired on 7.1.2020.
2) The company was founded on 10.12.2020.
3) The company was selled on 30.4.2020.

Minority shareholders' equity ownership of BB Pureos Bioventures GP Limited is 1%. Due to the non-materiality of this ownership with respect to the overall Bellevue Group's equity and comprehensive income, no separate disclosure of minority shareholders has been published on the Group's financial statements.

9 Pledged assets, guarantees and contingent liabilities

CHF 1 000	31.12.2020	31.12.2019
Rent deposit accounts in connection with leasing contracts	956	1 093
Contingent liabilities	3 320	4 100

10 Events after the balance sheet date

No events have occurred since the balance sheet date that would have a material impact on the information provided in the year 2020 consolidated financial statements and would therefore need to be disclosed.

The COVID-19 pandemic is having an impact on the global economy and, accordingly, the economic environment for certain industries has deteriorated significantly in fiscal 2020. The Group Executive Board has taken various precautionary measures to ensure the smooth and trouble-free maintenance of business operations. Together with the Board of Directors, the Group Executive Board continuously assesses the challenges and opportunities resulting from this crisis. At the time of preparing the annual financial statements, however, there are no direct consequences arising from the crisis that have an impact on Bellevue Group AG's business policy.

11 Transactions with related companies and persons

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

CHF	Fixed compensation paid in cash	Short-term variable compensation paid in cash	Short-term variable compensation paid in shares	Long-term variable compensation paid in shares	Total
Total 1.1.–31.12.2020					
Compensation to members of the Board of Directors	652	–	197	–	849
Compensation to members of the Group Executive Board	1 319	1 546	1 216	152	4 233
Total 1.1.–31.12.2019					
Compensation to members of the Board of Directors	756	–	206	–	962
Compensation to members of the Group Executive Board	1 502	1 095	1 008	101	3 706

The amounts listed for fixed and variable compensation also include any employer contributions to statutory or regulatory social security schemes.

The short-term variable compensation in shares of the Board of Directors consists of the following items:

- TCHF 147 (2019: TCHF 206) in 4 years restricted shares
- TCHF 50 (2019: none) in 3 years blocked and discounted shares from participation program (monetary benefit)

The short-term variable compensation in shares of the Group Executive Board consists of the following items:

- TCHF 318 (2019: TCHF 428) in 4 years restricted shares
- TCHF 730 (2019: TCHF 580) in 4 years restricted shares with one-year service period and right of redemption
- TCHF 168 (2019: none) in 3 years blocked and discounted shares from participation program (monetary benefit)

Members of the Group Executive Board partially participate in an employee stock ownership plan in connection with the asset management mandate of BB Biotech AG. Within the scope of these plans, some of the members of the Group Executive Board are entitled to receive a maximum number of shares in BB Biotech AG. The actual number of shares awarded depends on various conditions. Awarded shares are subject to a three-year vesting period beginning on the date of grant. In addition, the actual number of shares distributed will depend on the achievement of certain performance targets over the subsequent three fiscal years in connection with the respective investment mandates. The cost of this employee program is recognized as long-term variable compensation.

In the financial years 2020 and 2019, no compensation was paid to related parties of members of the Board of Directors and Group Executive Board, nor to former members of the Board of Directors.

For the months of January and February 2020 (2019: March to December), CHF 50,000 (2019: 250,000) was paid to Daniel Koller, the former CFO of the Company and a member of the Group Executive Group, as compensation for a one-year non-competition clause, in accordance with Art. 33 para. 4 of the Articles of Association. This compensation was agreed in a severance and release agreement. Daniel Koller left Bellevue Group as of February 28, 2019. In addition, CHF 15 161 (excl. 7.7% VAT) was paid to Daniel Koller for advisory services related to a Group project.

11.2 Transactions with related companies and persons

CHF 1 000	Key management personnel [1]	Major shareholders [2]	Associated companies	Other related companies and persons [3]	Total
2020					
Due from customers	–	–	–	–	–
Due to customers	–	–	–	–	–
Interest income	10	18	–	–	28
Fee and commission income	4	315	–	–	319
Other operating expenses	–	–	–	93	93
2019					
Due from customers	3 302	268	–	–	3 570
Due to customers	41	9 348	–	–	9 389
Interest income	36	10	–	–	46
Fee and commission income	10	672	–	–	682
Other operating expenses	–	–	–	110	110

[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.
[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.

The account designations as of December 31, 2020 were not adjusted to the new designations, as all transactions relate to the discontinued operation.

Loans to related parties were generally Lombard loans secured by pledged assets (securities portfolios). As a result of the sale of the subsidiary Bank am Bellevue AG in the first half of 2020, there were no receivables (loans) from or liabilities to related parties as at December 31, 2020. Employees, members of the Board of Directors and the Executive Board benefited from preferential terms customary in the banking industry. Transactions for all other related parties were executed at terms equivalent to those available to third parties.

In 2020, there was a payment to a related company of one of the members of the Board of Directors for consultancy services in the amount of CHF 0.1 million (previous period: CHF 0.1 million).

12 Share-based payments

12.1. Variable compensation (share of profit) with service conditions

According to the rules for the payment of variable compensation set by the Board of Directors, higher variable compensation (> TCHF 200) is partly paid in blocked shares with a 1-year (pro rata) service condition. The cost of this portion of the variable compensation is recognized over the service period from the grant date. In 2020, TCHF 1 969 (2019: TCHF 1 873) of share-based compensation costs were recognized in personnel expenses.

12.2. Voluntary employee stock ownership plan

In 2020, the Board of Directors approved a voluntary employee stock option program for a total of 165 000 shares. Depending on the management level, the Board of Directors, Executive Board and employees were offered a certain number of Bellevue Group AG shares at a discounted purchase price of CHF 17.65 per share. This corresponded to a discount of almost 25% on the volume-weighted average price of the quarter prior to the grant date of the entitlements. The difference between the market value at the effective grant date and the purchase price corresponds to a monetary benefit of CHF 1.1 million, which was recognized in personnel expenses. All rights were exercised (thereof 8 010 by the Board of Directors and 26 481 by the Group Executive Board). In the financial year 2019, no voluntary employee participation program was implemented.

13 Earnings per share

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019 restated*
Group net profit	22 304	14 033
thereof from continuing operations	23 022	19 460
thereof from discontinued operations	– 718	– 5 427
Weighted average number of issued registered shares	13 461 428	13 461 428
Less weighted average number of treasury shares	– 95 797	– 53 025
Weighted average number of shares outstanding (undiluted)	13 365 631	13 408 403
Weighted average number of shares outstanding (diluted)	13 365 631	13 408 403
Undiluted earnings per share from continuing operations (in CHF)	1.72	1.45
Undiluted earnings per share from discontinued operations (in CHF)	– 0.05	– 0.41
Total undiluted earnings per share (in CHF)	**1.67**	**1.04**
Diluted earnings per share from continuing operations (in CHF)	1.72	1.45
Diluted earnings per share from discontinued operations (in CHF)	– 0.05	– 0.41
Total diluted earnings per share (in CHF)	**1.67**	**1.04**

*) The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

14 Dividend payment

The Board of Directors will propose a dividend distribution of CHF 4.00 per registered share to the Annual General Meeting of Bellevue Group AG on March 23, 2021. This corresponds to a total distribution of CHF 53.8 million. The dividend distribution consists in an ordinary dividend of CHF 1.50 per registered share and a special dividend of CHF 2.50 per registered share.

15 Approval of the consolidated financial statements

The Audit & Risk Committee discussed and approved the consolidated financial statements at its meeting on February 22, 2021, and the Board of Directors at its meeting on February 23, 2021. The consolidated financial statement will be submitted to the Annual General Meeting on March 23, 2021 for approval.

16 Summary of significant accounting policies

16.1. Company and business activity

Bellevue Group AG is a public limited company listed on the SIX Swiss Exchange and has its registered office at Seestrasse 16, 8700 Küsnacht/Switzerland. The company acts as a pure asset manager with a multi-boutique approach and specializes in investment themes that require an active investment style.

16.2 Accounting principles

The consolidated financial statements of Bellevue Group AG have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the listing regulations of the Swiss Stock Exchange.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The application of the underlying principles is unchanged from the previous year, with the exception of the accounting standards newly applied in item 16.4.

16.3. Change in presentation

On August 20, 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG (including its subsidiary Bellevue Investment Advisers AG). After receiving all the necessary regulatory approvals, Bellevue Group successfully closed the sale of Bank am Bellevue to Quintet Private Bank on April 30, 2020. For further details on the sale, please refer to note 7.

The presentation of the balance sheet, including the definition of subtotals, has been adjusted accordingly to the continuing operations, as these operations do not reflect any assets or liabilities from the banking business. The balance sheet is now divided into current and non-current assets and liabilities. Previously, the balance sheet was presented in the order of liquidity based on the banking business. The definition of cash and cash equivalents now includes the short-term part (<3 months) of «due from banks». This adjustment to the definition of cash and cash equivalents had an impact on the presentation in the balance sheet and in the cash flow statement. The previous year's figures have been adjusted to the new presentation accordingly. The presentation and structure of the income statement has also been adjusted to the continuing operations. Due to the new focus of Bellevue Group on asset management, the changed presentation provides a more accurate picture of the net assets, financial position, results for the period and cash flows.

The balance sheet items as of December 31, 2019, were presented as follows:

Balance sheet items as per Annual Report 2019	**New balance sheet items**
Cash	Cash and cash equivalents
Due from banks	Cash and cash equivalents
Due from clients	Trade and other receivables
Trading portfolio assets	Financial investments
Positive replacement values	Financial investments
Other financial assets at fair value	Financial investments
Accrued income and prepaid expenses	Trade and other receivables
Financial investments	Financial investments
Property and equipment	Property and equipment
Goodwill and other intangible assets	Goodwill and other intangible assets
Current tax assets	Current tax assets
Deferred tax assets	Deferred tax assets
Assets classified as held for sale	Assets classified as held of sale
Other assets	Trade and other receivables/Other assets
Total assets	**Total assets**
Due to banks	Other financial liabilities
Due to clients	Trade and other payables
Leasing liabilities	Lease liabilities
Negative replacement values	Other financial liabilities
Other financial liabilities at fair value	Other financial liabilities
Accrued expenses and deferred income	Trade and other payables/Other financial liabilities
Current tax liabilities	Current tax liabilities
Deferred tax liabilities	Deferred tax liabilities
Provisions and pension obligations	Provisions and pension obligations
Other liabilities	Trade and other payables
Liabilities directly associated with assets held for sale	Liabilities directly associated with assets held for sale
Total liabilities	**Total liabilities**
Share capital	Share capital
Capital reserves	Capital reserves
Unrealized gains and losses recognized in other comprehensive income	Unrealized gains and losses recognized in other comprehensive income
Currency translation adjustments	Currency translation adjustments
Retained earnings	Retained earnings
Treasury shares	Treasury shares
Total shareholder's equity	**Total shareholder's equity**
Total liabilities and shareholders' equity	**Total liabilities and shareholders' equity**

16.4 New accounting standards used

Bellevue Group applied the following new and revised standards and interpretations for the first time in the 2020 financial year:

	To be applied as of
Conceptional Framework for Financial Reporting	01.01.2020
IAS 1/ IAS 8 Amendments: Definition of Material	01.01.2020
IFRS 3 Amendments: Definition of a business	01.01.2020
IFRS 7, IFRS 9 und IAS 39 Amendments: Interest Rate Benchmark Reform	01.01.2020
IFRS 16 Amendments: COVID-19-Related Rent Concessions	01.06.2020

16.5 International Financial Reporting Standards and interpretations which will be introduced in 2020 or later

Based on early stage analyses, the following new standards and/or standards' updates will not have a significant effect on Bellevue Group's financial statements:

	To be applied as of
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 Amendments: Interest Rate Benchmark Reform - Phase 2 -	01.01.2021
IFRS 3 Amendments: Reference to the Conceptual Framework	01.01.2022
IAS 16 Amendments: Property, Plant and Equipment: Proceeds before Intended Use	01.01.2022
IAS 37 Amendments: Onerous Contracts - Costs of Fulfilling a Contract -	01.01.2022
IFRS 17: Insurance Contracts	01.01.2023
IAS 1 Amendments: Classification of Liabilities as Current or Non-current	01.01.2023

16.6 Important accounting principles

16.6.1 Consolidation principles

Fully consolidated companies

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

Method of consolidation

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

Business combinations

In a business combination, the acquirer obtains control of the net assets of one or more businesses. The business combination is accounted for using the acquisition method. This requires the recognition of the identifiable assets acquired, including previously unrecognized intangible assets, and liabilities assumed of the acquired business at their fair values at the acquisition date. Any excess of the consideration transferred over the net identifiable assets acquired is recognized as goodwill. Consideration transferred is assets or equity instruments issued that are measured at fair value at the acquisition date. Transaction costs are immediately charged to the income statement.

Contingent consideration, which is accounted for as part of the consideration transferred for the acquiree, is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognized in the income statement in accordance with IFRS 9.

16.6.2 General principles

Foreign currency translation

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

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.

The following exchange rates apply to the translation of significant currencies:

	2020		2019	
	Year-end rate	**Average rate**	**Year-end rate**	**Average rate**
EUR	1.08134	1.07201	1.08750	1.11245
USD	0.88520	0.93742	0.96845	0.99380
GBP	1.21000	1.21296	1.28260	1.26900

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts as well as call money at banks with a maturity of less than three months. These are measured at nominal value, which corresponds to fair value due to the short-term maturities.

Accrual of income

The Group's revenue consists mainly of asset management fees. A distinction is made between the following fees: Management fees result from the management of collective capital contributions and institutional asset management mandates. Performance fees are only recognized when all performance criteria have been met. Interest is accrued on an accrual basis.

16.6.3 Financial instruments

Initial recognition

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

Determination of fair value

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

Financial investments at amortized costs
Investments whereby the objective is to hold financial assets to collect contractual cash flows and for which the contractually agreed cash flows comprise only interest and the repayment of parts of the nominal value are entered on the balance sheet as amortised costs using the effective interest method. Any expected credit losses are deducted from the book value of the item.

Financial assets and liabilities from financial assets
Financial instruments that do not meet the criteria for recognition at amortized cost are recognized at fair value. The resulting income is reported under the item «Income from financial investments». Liabilities from financial assets are reported under the item «Other financial liabilities».

Investments at fair value with fair value changes recognized in other comprehensive income
Investments in equity instruments that are not held for trading purposes are carried fair value in the balance sheet. Changes in value are recognised in the income statement except in cases where Bellevue Group has irrevocably decided to recognised them at fair value through through other comprehensive income.

Derivative financial instruments
Derivative financial instruments are recognized in the balance sheet under «Financial assets» or «Other financial liabilities». No offsetting takes place on the basis of master netting agreements. Realized and unrealized gains and losses are recognized in «Income from financial investments».

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

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

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

Property and equipment
Property and equipment include leasehold improvements, information technology and telecommunications equipment, capitalized right of use from leases and other fixed assets. The acquisition or production costs of property and equipment are capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Bellevue Group mainly acts as a lessee in the context of the leasing of business premises. At the lease commencement date, a lease liability corresponding to the present value of lease payments over the lease term is recognized. The lease term basically corresponds to the non-cancellable period during which Bellevue Group has the right to use the business premises but it also takes account of the period covered by an option to extend the lease if Bellevue Group is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if Bellevue Group is reasonably certain not to exercise that option.

At the same time as the lease liability is recognized, a right to use the underlying asset, which corresponds to the lease liability plus prepaid lease payments, directly attributable costs and any reinstatement obligations, is capitalised. After initial recognition, the interest component on the lease liability is accrued in the period in which it is incurred using the effective interest method and is recognized in «Net other income». The lease liability is adjusted to reflect interest recognized and lease payments made. The right-of-use asset is depreciated on a straight-line basis over the lease term. The depreciation charge and any impairment charge are recognized in the income statement in «Depreciation and amortization».

If there is any change to the lease term or if lease payments are adjusted to an index, the lease liability is remeasured. In the first case, the current incremental borrowing rate is used to calculate the present value; in the second case, the original incremental borrowing rate is used. The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset. Right-of-use assets are recognized in the balance sheet item «Property and equipment». The carrying amount of the right-of-use assets and changes in that value are shown in note 3.5. Lease liabilities related to leased office space are recognized in the balance sheet item «Lease liabilities». Bellevue Group applies the accounting exceptions for short-term leases and leased assets of low value. Neither a lease liability nor a right-of-use asset is recognized for these leases.

Property and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

Leasehold improvements	max. 5 years
Information technology and communications equipment	max. 5 years
Rights of use	over leasing contract duration
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 loss is charged. Any reversals of impairments at a later date will be recognized in the income statement.

Goodwill and other intangible assets

Goodwill arises from the acquisition of subsidiaries and represents the future economic benefits from other assets acquired in a business combination that are not individually identified and are recognised separately. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs (cash generating unit) or group's of CGUs, that is expected to benefit for synergies from combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level. Goodwill is capitalized and tested for impairment at least on an annual basis, or if events or changed circumstances indicate a potential impairment. The test is carried out more frequently to determine whether the book value exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. If the book value exceeds the recoverable amount an impairment loss is recorded.

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

Income taxes

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income and recognized as expense in the period in which the related profits are made. Receivables or liabilities related to current income taxes are reported in the balance sheet in the items «Current tax assets» or «Current tax liabilities». Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their corresponding tax values are recognized as «Deferred tax assets» and «Deferred tax liabilities» respectively. Deferred tax assets arising from temporary differences and from tax loss carry forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled. Tax receivables and tax liabilities are offset when they refer to the same taxable entity, fall under the same jurisdiction, and the 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 «Valuation adjustments and provisions» except for changes in actuarial pension provisions, which are recognized under «Other comprehensive income», with the exception of changes in actuarial provisions which are recorded in the income statement.

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's and employer's contributions.

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

Pension cost is composed of three components:

– Service cost, which is recorded as personnel expenses in the income statement;
– Net interest expenses, which are recorded in the position «Other financial income» in the income statement; and
– Revaluation components, which are recognised in the statement of comprehensive income.

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

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

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

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

17 Alternative Performance Indicators (unaudited)

CHF 1 000	1.1.–31.12.2020	1.1.–31.12.2019 restated*	Change
Operating income	**109 851**	**101 368**	**+8 483**
Personnel expenses	– 51 894	– 47 794	– 4 100
Other operating expenses	– 11 705	– 13 111	+1 406
Operating expenses	**– 63 599**	**– 60 905**	**– 2 694**
Operating profit (continuing operations)	**46 252**	**40 463**	**+5 789**
Depreciation and amortization	– 4 777	– 4 247	– 530
Valuation adjustments	– 9 578	– 8 341	– 1 237
Group profit before tax (continuing operations)	**31 897**	**27 875**	**4 022**
Taxes	– 8 875	– 8 415	– 460
Group net profit (continuing operations)	**23 022**	**19 460**	**3 562**
Group net profit from discontinued operations (net of tax)	– 718	– 5 427	+4 709
Group net profit	**22 304**	**14 033**	**8 271**

*) The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF BELLEVUE GROUP AG KÜSNACHT

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bellevue Group AG and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020, the statement of shareholders' equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

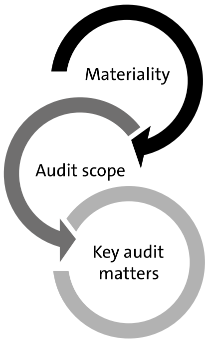
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the «Auditor's responsibilities for the audit of the consolidated financial statements» section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 1'100'000

We concluded full scope audit work at Bellevue Group AG and three group entities in three countries. For additional two group entities (one domiciled in Switzerland and one domiciled abroad) and two de-consolidated group entities (domiciled in Switzerland) during the year, we have performed specified audit procedures in relation to account balances and types of business transactions. Our audit procedures cover 95% of net sales and 96% of the balance sheet total.

In addition, analytical procedures were conducted by us at a further seven group entities in five countries, which cover a further 5% of net sales and 4% of the balance sheet total.

As key audit matter the following area of focus has been identified:

Impairment of goodwill and other intangible assets of StarCapital AG

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality
CHF 1'100'000

How we determined it
1% of operating income

Rationale for the materiality benchmark applied

We chose the operating income as the benchmark because in our view, the operating income represents a generally recognized benchmark for materiality considerations for asset managers and accordingly depicts the economic and operational performance of the Group without the influence of volatile value adjustments.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

With the exception of the subsidiaries in Germany and the United Kingdom, we, as group auditor, carried out audits and / or analytical audit procedures at all group companies. For the component auditors from the PwC network, we ensured that we were sufficiently involved in the audit to assess whether suitable audit evidence on the financial information was obtained from the activities of the component auditors as a basis for the group audit opinion. This involvement of the component auditors was also based on audit instructions and standardized reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and other intangible assets of StarCapital AG

Key audit matter

Goodwill in the amount of CHF 14.4 million and other intangible assets in the amount of CHF 4.2 million related to StarCapital AG has been recognized in the financial statements under 'Goodwill and other intangible assets'.

Bellevue Group AG uses the discounted cash flow method in order to test goodwill and other intangible assets for impairment. The valuation is calculated based on the expected future cash flows to the investor.

We consider the assessment of the impairment of goodwill and other intangible assets of StarCapital AG as a key audit matter because the Board of Directors has to apply significant judgement in setting the assumptions relating to future business results and the discount rate to be applied on the fore-casted cash flows; significant estimation uncertainty exists and a material impairment has been recognized in the financial year 2020.

Please refer to note 4.1 Estimates, assumptions and the exercise of discretion by management and note 3.6 Goodwill and other intangible assets.

How our audit addressed the key audit matter

We have analyzed and assessed the assumptions applied by the Board of Directors to the valuation of the goodwill and other intangible assets of StarCapital AG in the consolidated financial statements of Bellevue Group AG

Management adheres to a documented process in forecasting cash flows. The Board of Directors monitored this process and regularly challenged the assumptions that were used. We assessed the appropriateness and proper application of the valuation method used to determine the value of the goodwill and other intangible assets.

We compared the business results of the year under review with the year's budgeted results, in order to retrospectively assess the accuracy of assumptions used in the forecasting of the cash flows.

We compared Management's assumptions concerning revenue growth and long-term growth rates with economic and industry-specific developments.

We compared the discount rate with the cost of capital of the Group and of comparable enterprises, taking into account country-specific particularities.

We assess the process of the impairment assessment and the determination of impairment applied by the Board of Directors as appropriate. The process ensured an analysis of the valuation factors and represented an appropriate and sufficient basis for the assessment of the recoverability of the goodwill and other intangible assets of StarCapital AG.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Bellevue Group AG and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Daniel Pajer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zurich, 1 March 2021

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PROFIT AND LOSS ACCOUNT

CHF 1 000	**1.1.–31.12.2020**	**1.1.–31.12.2019**
Dividend income from participations	62 778	27 000
Other ordinary income	13	8
Net revenue from operating activities	**62 791**	**27 008**
Personnel expenses	– 2 615	– 2 732
Other operating expenses	– 2 396	– 2 326
Operating expenses	**– 5 011**	**– 5 058**
Operating profit before financial result, taxes, depreciation and valuation adjustments	**57 780**	**21 950**
Depreciation on property, plant and equipment	– 537	– 511
Impairments on participations	– 60 562	– 10 853
Reversal of impairment on participations	–	30 800
Depreciation and impairments	**– 61 099**	**19 436**
Operating profit before financial result and taxes	**– 3 319**	**41 386**
Finance income	411	48
Finance expense	– 3	– 36
Operating profit before taxes	**– 2 911**	**41 398**
Extraordinary, non-recurring or prior period income	207	–
Profit for the year before taxes	**– 2 704**	**41 398**
Direct taxes	– 71	– 96
Profit for the year	**– 2 775**	**41 302**

BALANCE SHEET

CHF 1 000	31.12.2020	31.12.2019
Assets		
Current assets		
Cash and cash equivalent	17 603	1 912
Other short-term receivables	10 967	2 716
Prepaid expenses and accrued income	377	242
Total current assets	**28 947**	**4 870**
Non-current assets		
Financial investments	606	529
Property and equipment	–	947
Participations	112 580	202 456
Total non-current assets	**113 186**	**203 932**
Total assets	**142 133**	**208 802**
Liabilities and shareholders' equity		
Short-term liabilities		
Short-term interest-bearing liabilities	–	4 907
Other short-term liabilities	56	3 034
Accrued expenses and deferred income	1 444	1 414
Total short-term liabilities	**1 500**	**9 355**
Shareholders' equity		
Share capital	1 346	1 346
Legal capital reserves	644	644
– Reserves from capital contributions	644	644
Legal retained earnings	2 225	3 879
– General legal retained earnings reserves	2 225	2 225
– Reserves for treasury shares [1]	–	1 654
Voluntary retained earnings	19 506	17 852
Total disposable profit	119 105	175 726
– Profit brought forward	121 880	134 424
– Profit for the year	– 2 775	41 302
Treasury shares	– 2 193	–
Total shareholders' equity	**140 633**	**199 447**
Total liabilities and shareholders' equity	**142 133**	**208 802**

[1] for shares held by subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Principles

General approach

The annual financial statements of Bellevue Group AG were prepared in accordance with the guidelines of the Swiss Code of Obligations. Balance sheet items are valued at historical costs.

Cash and cash equivalents, receivables and liabilities

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

Property, plant and equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation and less value adjustments. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. If there are indications of overvaluation, the book values are reviewed and adjusted if necessary.

Participations

Participations are recognised at acquisition costs less adjustments necessary for commercial reasons.

Accruals and deferrals

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

Treasury shares

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

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

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

2 Notes to the financial statements

CHF 1 000	31.12.2020	31.12.2019
Cash and cash equivalent		
Due from banks	17 603	1 912
Total	**17 603**	**1 912**

Other short-term receivables		
Due from group companies	10 865	2 510
Due from third parties	102	206
Total	**10 967**	**2 716**

					31.12.2020		31.12.2019	
					Share of		Share of	
Company	**Domicile**	**Purpose**	**Currency**	**Share capital/ Nominal capital**	**Capital**	**Voting rights**	**Capital**	**Voting rights**
Participations								
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset Managment	CHF	1 750 000	100%	100%	100%	100%
Bellevue Asset Management (Deutschland) GmbH	Frankfurt am Main, Germany	Asset Managment	EUR	25 000	100%	100%	100%	100%
Bellevue Asset Management (UK) Limited	London, UK	Asset Managment	GBP	50 000	100%	100%	100%	100%
Asset Management BaB N.V.	Curaçao	Asset Managment	USD	6 001	100%	100%	100%	100%
Bellevue Research Inc.	Boston, USA	Research	USD	100	100%	100%	100%	100%
BB Biotech Ventures G.P.	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
BB Pureos Bioventures GP Limited	Guernsey	Investment Advisor	GBP	60 000	99%	99%	99%	99%
StarCapital AG	Oberursel, Germany	Asset Managment	EUR	540 000	100%	100%	100%	100%
adbodmer AG	Wollerau, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Private Markets AG	Küsnacht, Switzerland	Holding	CHF	1 000 000	100%	100%	100%	100%
Realwerk AG [1]	Küsnacht, Switzerland	Investment Advisor	CHF	100 000	100%	100%	0%	0%
Bellevue Komplementär AG [2]	Küsnacht, Switzerland	Asset Managment	CHF	200 000	100%	100%	0%	0%
Bank am Bellevue AG [3]	Küsnacht, Switzerland	Bank	CHF	25 000 000	0%	0%	100%	100%
Bellevue Investment Advisers AG [3]	Zürich, Switzerland	Asset Managment	CHF	500 000	0%	0%	100%	100%

1) The company was acquired on 7.1.2020.
2) The company was founded on 10.12.2020
3) The company was selled on 30.4.2020.

CHF 1 000	31.12.2020	31.12.2019
Short-term interest-bearing liabilities		
Due to group companies	–	4 907
Total	**–**	**4 907**
Other short-term liabilities		
Due to third parties	56	3 034
Total	**56**	**3 034**

Treasury Shares (inventory and movement)

Treasury shares are held partly directly by the Company and partly indirectly via the wholly owned subsidiaries Bank am Bellevue AG (until April 30, 2020) and Bellevue Asset Management AG. All transactions are carried out at market prices.

	Average price in CHF	Bellevue Group AG	Bellevue Asset Management AG	Bank am Bellevue AG	Total
Balance as of 1.1.2019		–	905	81 500	82 405
Purchases Bellevue Group AG	21.3283	98 023	–	–	98 023
Purchases Bellevue Asset Management AG	20.5000	–	3 824	–	3 824
Purchases Bank am Bellevue AG	21.4954	–	–	353 979	353 979
Disposals Bellevue Group AG	21.3283	– 98 023	–	–	– 98 023
Disposals Bellevue Asset Management AG	21.6098	–	– 4 729	–	– 4 729
Disposals Bank am Bellevue AG	20.9588	–	–	– 365 479	– 365 479
Balance as of 31.12.2019		**–**	**–**	**70 000**	**70 000**
Purchases Bellevue Group AG	23.0487	295 260	–	–	295 260
Purchases Bellevue Asset Management AG	19.7000	–	168 000	–	168 000
Purchases Bank am Bellevue AG	22.9648	–	–	298 946	298 946
Disposals Bellevue Group AG	23.5502	– 209 118	–	–	– 209 118
Disposals Bellevue Asset Management AG	20.8548	–	– 168 000	–	– 168 000
Disposals Bank am Bellevue AG	21.0430	–	–	– 368 946	– 368 946
Balance as of 31.12.2020		**86 142**	**–**	**–**	**86 142**

Impairments on participations

Lower business volumes and an overall reduction in profitability at StarCapital AG had led to the need to adjust the carrying amount of the investment in StarCapital AG by CHF 10.9 million in the 2020 reporting year (2019: CHF 10.9 million).

In the financial year 2020, the subsidiary Bank am Bellevue AG distributed a dividend of CHF 49.1 million in connection with the sale of the SIX participation, which was recognized in the position «Dividend income from participations». At the same time, this led to an impairment of CHF 49.1 million on the investment Bank am Bellevue AG. In connection with the completion of the sale of Bank am Bellevue AG in the first half of 2020 and the determination of the final sales price, the investment had to be additionally impaired by CHF 0.6 million.

Reversal of impairment on participations

The investment in Bank am Bellevue AG was revalued by CHF 30.8 million as of December 31, 2019.

On August 20, 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue. Quintet Private Bank has acquired 100% of the shares of Bank am Bellevue. The closing of the transaction has taken place as of April 30, 2020.

As of December 31, 2019, the selling price and the Bank's expected profit and capital distribution in 2020 were used as the basis for the valuation of the investment in Bank am Bellevue AG.

Extraordinary, non-recurring or prior period income

Due to the final tax assessments for the years 2015 to 2018, an out-of-period income of CHF 0.2 million arose in the 2020 financial year.

3 Additional Information

Company name, legal form and domicile

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

Declaration on FTEs

The annual average of full-time employees has not exceeded 50 in the current financial year (previous year: not exceeded 50).

Information on shareholdings of members of the Board of Directors and the Group Executive Board

	31.12.2020 Shares	31.12.2019 Shares
Share-holdings of members of the Board of Directors		
Veit de Maddalena, Chairman	291 664	287 066
Daniel Sigg, Member	39 845	37 917
Urs Schenker, Member	4 502	–
Katrin Wehr-Seiter, Member	4 598	–
Rupert Hengster, Member (until 24.3.2020)	n/a	3 583
Share-holdings of members of the Group Executive Board		
André Rüegg, CEO and CEO Bellevue Asset Management AG	320 000	280 600
Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG	60 000	46 774
Michael Hutter, CFO from 1.8.2020 (previously member of the Group Executive Board)	80 000	76 837
Patrik Gilli, CFO (until 30.7.2020)	n/a	4 704
Thomas Pixner, CEO Bank am Bellevue AG (until 31.1.2020)	n/a	19 170

Events after the balance sheet date

No events have occurred since the balance sheet date that would have a material impact on the information provided in the year 2020 financial statements and would therefore need to be disclosed.

The COVID-19 pandemic is having an impact on the global economy and, accordingly, the economic environment for certain industries has deteriorated significantly in fiscal 2020. The Group Executive Board has taken various precautionary measures to ensure the smooth and trouble-free maintenance of business operations. Together with the Board of Directors, the Group Executive Board continuously assesses the challenges and opportunities resulting from this crisis. At the time of preparing the annual financial statements, however, there are no direct consequences arising from the crisis that have an impact on Bellevue Group AG's business policy.

Information on major shareholders

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

	31.12.2020		31.12.2019	
Shareholder or beneficial owner	**Voting rights held**	**Number of Shares**	**Voting rights held**	**Number of Shares**
Martin Bisang, Küsnacht	20.43%	2 750 000	20.43%	2 750 000
Hans Jörg Wyss, Cambridge MA (USA)	9.66%	1 300 000	n/a	n/a
Jürg and Manuela Schäppi, Rapperswil-Jona	9.05%	1 217 799	9.05%	1 217 799
Jörg Bantleon, München (Germany)	n/a	n/a	11.24%	1 513 181

The shareholders Martin Bisang (Küsnacht), as well as Manuela and Jürg Schäppi (Jona) signed a shareholder agreement on October 25, 2018. Martin Bisang will represent the Group and controls 29.48% of the voting rights by December 31, 2020 (December 31, 2019: 29.48%).

4 Proposal to the Annual General Meeting

CHF 1 000	**31.12.2020**	**31.12.2019**
The Board of Directors proposes to the Annual General Meeting of shareholders on March 23, 2021 the following allocation of profit:		
Profit for the year	– 2 775	41 302
Balance brought forward from previous year	121 880	134 424
Total Profit	**119 105**	**175 726**
Dividend on eligible capital [1]	– 53 846	– 53 846
Balance carried forward to new financial year	**65 260**	**121 880**

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

Upon approval of this proposal, the dividend of CHF 4.00 per registered share of CHF 0.10 will be paid less the federal withholding tax of 35%.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF BELLEVUE GROUP AG KÜSNACHT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bellevue Group AG, which comprise the profit and loss account for the year ended 31 December 2020, the balance sheet as at 31 December 2020 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

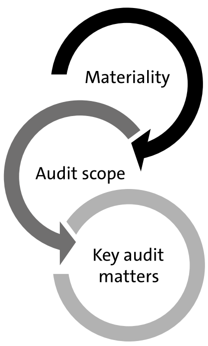
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the «Auditor's responsibilities for the audit of the financial statements» section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1'100'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Impairment of participations

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality
CHF 1'100'000

How we determined it
0.78% of the equity of the company

Rationale for the materiality benchmark applied
We chose equity as the benchmark because the company considered for itself is conducting limited operational activities and, in our view, the equity is a generally accepted benchmark for holding companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of participations

Key audit matter
The shares of the capital of subsidiaries held by the Company are recognized in the financial statements under 'Participations' (TCHF 112'580).

Participations are recognized at acquisition cost less any economically necessary impairments.

Bellevue Group AG uses the discounted cash flow method for selected subsidiaries in order to test whether any impairments are necessary. For other subsidiaries, the net-asset value method respectively the net realizable-value method is used for the impairment assessment. The valuation is calculated based on the expected future cash flows to the investor respectively by comparing the book value of the participation to the equity of the respective subsidiary.

We consider the assessment of the impairment of participations as a key audit matter because the Board of Directors has to apply judgement in setting the assumptions relating to future business results and the discount rate to be applied on the forecasted cash flows; significant estimation uncertainty exists and moreover, participations represent a significant amount on the balance sheet (80% of total assets).

We refer to note 1 (Accounting principles) and note 2 (Notes to the financial statements).

How our audit addressed the key audit matter
We have analysed and assessed the assumptions applied by the Board of Directors to the valuation of the participations in the financial statements of Bellevue Group AG.

Management adheres to a documented process in forecasting cash flows. For participations with increased risks, the Board of Directors monitors this process and regularly challenges the assumptions that are used. We assessed the appropriateness and proper application of the valuation method used to determine the value of the participations.

We compared the business results of the year under review with the year's budgeted results, in order to retrospectively assess the accuracy of assumptions used in the forecasting of the cash flows.

We compared Management's assumptions concerning revenue growth and long-term growth rates with economic and industry-specific developments.

We compared the discount rate with the cost of capital of the company and of comparable enterprises, taking into account country-specific particularities.

In respect of the analysis of the net asset value, we compared the book value of the participations recorded in the balance sheet with the proportionate equity of the subsidiaries.

Further, we assessed whether the subsidiaries had prepared their financial statements based on the assumption of continuing as going concern and whether this was appropriate.

We assess the process of the examination of recoverability and determination of value adjustments of participations as appropriate.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Daniel Pajer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zurich, 1 March 2021

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