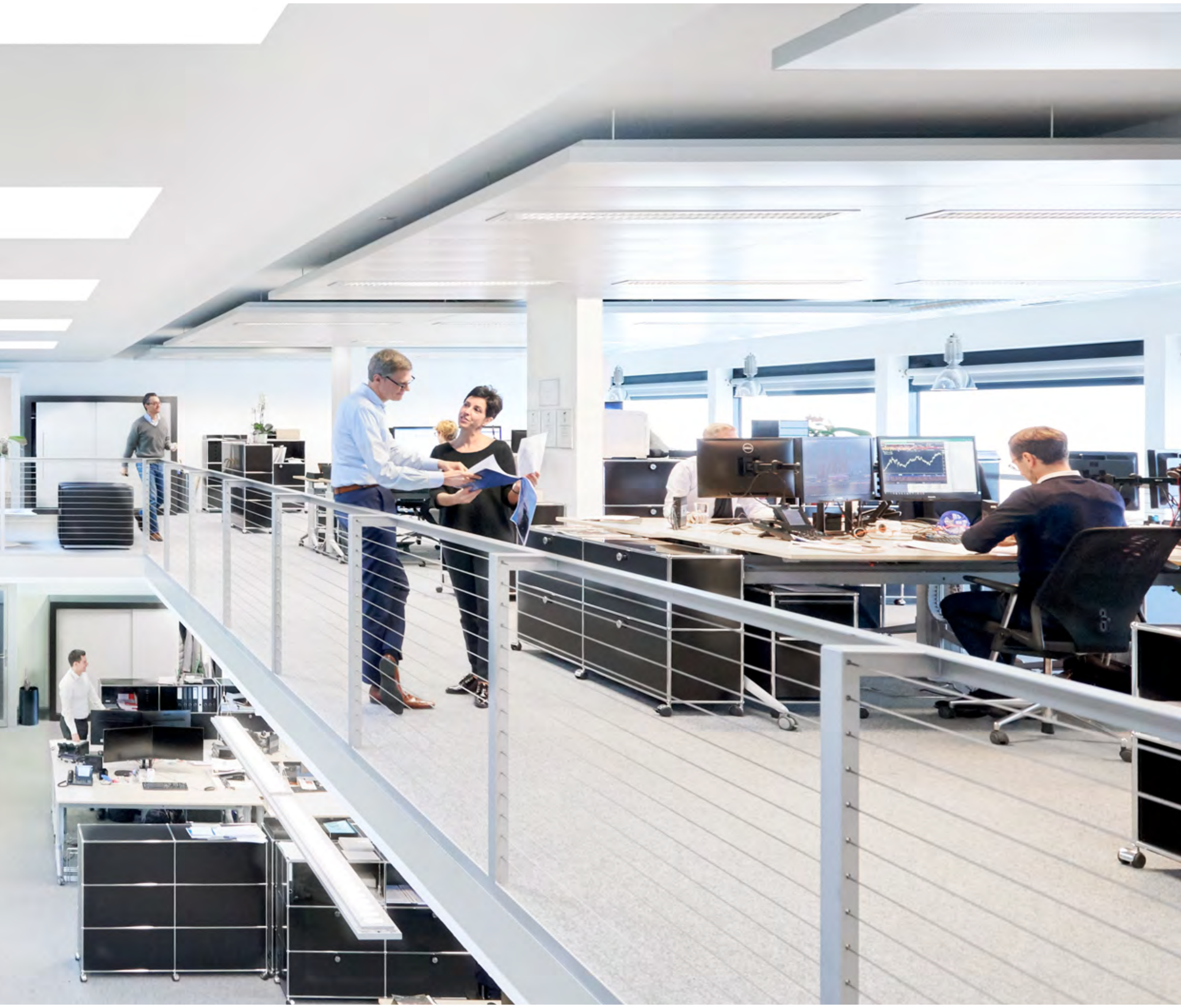
Annual report 2019

Value
Creating



Bellevue Group

Bellevue Group is an independent Swiss financial boutique focused on the asset management business. Its shares are listed on SIX Swiss Exchange. Established in 1993, the activities of the pure-play asset manager and its around 100 employees are focused on a select and diversified spectrum of services in three main areas: specialized healthcare strategies, alternative investment strategies, and traditional investment strategies.

Legal entities[1]

Bellevue Group
CEO: André Rüegg CFO: Patrik Gilli

Bellevue Private Markets	Bellevue Asset Management	StarCapital
CEO: Jan Kollros	CEO: André Rüegg	CEO: Holger Gachot

Segments & offering

Entrepreneurial private investors Direct equity investments in DACH region	Niche player for specialized sector & regional strategies and alternative investments	Active asset manager for traditional investment strategies
– Direct equity investment management for wealthy individuals – Advisor for corporate transactions – Direct equity investments	– Healthcare strategies – Specialized regional strategies – Private equity & venture strategies – Absolute return strategies	– Discr. multi-asset strategies – Discr. fixed-income strategies – Discr. value equity strategies – Rules-based investment strategies

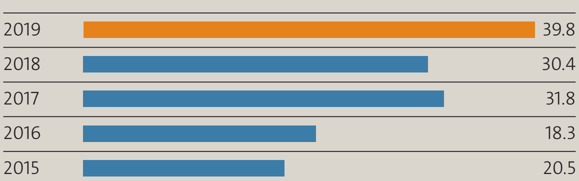
[1] The illustration relates to Bellevue Group as a pure asset manager; the forthcoming sale of the Bank am Bellevue was announced on August 20, 2019.

At a glance

CHF 1 000	1.1.-31.12.2019	1.1.-31.12.2018	Change	
Profit and loss account				
Total operating income	103 944	92 491	+11 453	+12%
Total operating expenses	64 100	62 127	+1 973	+3%
Total operating profit from continuing operations	39 844	30 364	+9 480	+31%
Group net profit from continuing operations	16 872	25 963	−9 091	−35%
Group net profit from discontinued operations (net of tax)	−5 427	−5 990	+563	−9%
Total group net profit	11 445	19 973	−8 528	−43%
Balance sheet				
Total assets	389 951	467 359	−77 408	−17%
Total liabilities	194 189	270 478	−76 289	−28%
Total shareholders' equity	195 762	196 881	−1 119	−1%
Ratios				
Undiluted earnings per share from continuing opeartions (in CHF)	1.26	1.94	−0.68	−35%
Undiluted earnings per share from discontinued operations (in CHF)	−0.41	−0.45	+0.04	−9%
Total undiluted earnings per share (in CHF)	0.85	1.49	−0.64	−43%
Diluted earnings per share from continuing opeartions (in CHF)	1.26	1.94	−0.68	−35%
Diluted earnings per share from discontinued operations (in CHF)	−0.41	−0.45	+0.04	−9%
Total diluted earnings per share (in CHF)	0.85	1.49	−0.64	−43%
Equity per share (in CHF)	14.54	14.63	−0.09	−1%
Ordinary cash distribution/dividend per share (in CHF) [1]	1.25	1.10	+0.15	+14%
Special dividend per share (in CHF) [1]	2.75	0.00	+2.75	-
Return on equity [2]	19.6%	14.3%	-	+5%
Distribution/dividend yield (excl. special dividend) [3]	5.2%	5.6%	-	−0%
Cost/Income ratio [4]	61.7%	67.2%	-	−6%
Self-financing ratio	50.2%	42.1%	-	+8%
Total managed assets from continuing operations (in CHF m) [5]	10 599	8 974	+1 625	+18%
Net new money from continuing operations	422	−418	+840	-
Number of staff (full-time equivalent) at cutoff date	116.3	111.6	+4.7	+4%
Annual average number of staff (full-time equivalent)	113.1	109.1	+4.0	+4%
Share price of Bellevue registered shares (in CHF) as per 31.12.	23.90	19.80	+4.10	+21%
Market capitalization (in CHF m)	322	267	+55	+21%
Year high [6]	24.60	25.95	−1.35	−5%
Year low [6]	18.47	18.40	+0.07	+0%

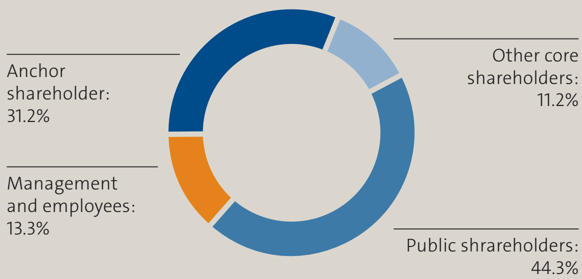
[1] Proposal of the Board of Directors to the Annual General Meeting
[2] Based on adjusted profit from continuing operations and equity capital after deduction of propsed payout
[3] Calculated from share price as at 31.12.
[4] Defined as: operating expenses / operating income
[5] Before deduction of double counts
[6] End of day prices

DEVELOPMENT OPERATING PROFIT
(CHF mn)



Source: Bellevue Group AG, as at December 31, 2019

SHAREHOLDER STRUCTURE



Strategic focus on asset management

Bellevue Group continued to sharpen the focus of its business model in 2019 and is now focused exclusively on its well-established Asset Management business serving an international clientele. The pending sale of Bank am Bellevue will make Bellevue a standalone asset manager with a range of products and services that is both specialized and diversified.

Sustained growth in Asset Management

Asset Management's investment capabilities have been steadily broadened in recent years. As a house of innovative investment ideas, Bellevue Group offers clients a distinct and yet diversified range of investment solutions. Thanks to the strong performance track records of its products, Bellevue Group is attracting money from an international clientele and has steadily increased client assets under management. In 2019, client assets rose by more than 18% to CHF 10.6 bn and this growth also lifted operating income and profits. Bellevue's long story of success will continue after its transition to a pure-play asset manager, too, driven by the critical success factors of investment performance, steady 5 to 10% growth in new money, and selective acquisitions.

Expertise leads to superb investment performance

Our vast investment expertise is reflected in the attractive investment returns we generate. In 2019, 90% of our investment strategies ranked in either the first or second performance quartiles and 72% of all client assets outperformed their given benchmarks. Historically, an even higher 76% of client assets managed since Bellevue Group was founded have delivered excess returns. Besides the very successful healthcare investment solutions, the Entrepreneur funds achieved very good returns in 2019. The BB Entrepreneur Switzerland Fund was the strongest performer in 2019 with a gain of 30.2%. Bellevue Group's two investment companies – BB Biotech AG and BB Healthcare Trust – produced pleasing returns of 18.5% and 25.7%; the London-based trust vehicle beat its benchmark by 7 percentage points.

Attractive for both investors and shareholders

The diversified product range offers investors interesting investment opportunities and at the same time it represents a measure of stability for Bellevue Group shareholders. Bellevue shareholders profit from an attractive dividend policy and a steady payout. In addition to a 14% increase in the ordinary dividend to CHF 1.25 per share, the Board of Directors is proposing a special dividend of CHF 2.75 per share from the proceeds of the sale of the Group's stake in SIX.

ASSETS UNDER MANAGEMENT

CHF 10.6 bn

(+18.1%)

NET NEW MONEY [1]

CHF 422 mn

(+7.3%)

TOTAL OPERATING INCOME

CHF 103.9 mn

(+12%)

OPERATING PROFIT

CHF 39.8 mn

(+31%)

PROFIT AFTER TAX [2]

CHF 16.9 mn

COST/INCOME RATIO [3]

62%

RETURN ON EQUITY [4]

19.6%

DIVIDEND YIELD [5]

5.2%

[1] Assets of open funds and investment mandate excl. assets under management at BB Biotech AG
[2] Excluding extraordinary impairments of CHF 10.9 mn
[3] Based on operating income and expense
[4] Based on adjusted profit and equity capital after deduction of proposed payout
[5] Based on ordinary dividend of CHF 1.25 and share price on December 31, 2019

Alternative performance measures
To measure our performance, we use alternative performance measures that are not defined under International Financial Reporting Standards (IFRS). Details can be found in note 10 on page 110.

Table of contents

André Rüegg
Chief Executive Officer

Veit de Maddalena
Chairman of the Board of Directors

Dear shareholders

2019 was an eventful and groundbreaking year for Bellevue Group in a surprisingly positive market environment. The sale of Bank am Bellevue and the associated strategic focus on Asset Management represent a key change in course for the future direction and development of our Group. At the same time, the reporting year saw Bellevue once again increase its operating strength with its core competency of Asset Management, and establish promising foundations for its further development as a pure asset manager.

Bellevue Group also made the most of a pleasing market environment last year. Despite great initial skepticism among experts and muted expectations on the part of investors, 2019 turned out to be a particularly good investment year. Virtually all asset classes generated positive returns, with new record levels reached in many cases – particularly in the world's key equity markets. The key driver of this positive development was once again the loose monetary policy of many central banks, with the Fed returning to an expansionary stance in a very public volte-face. In addition, the first accommodation reached in the trade war between China and the US had the effect of strengthening the confidence of the investment community in global financial markets. Quite how long the economic recovery expected in many quarters will persist remains to be seen, however – not least because a number of key economic indicators are not yet pointing to an upturn in growth. Against this backdrop, Bellevue continues to expect volatile markets in which attractive returns can be earned with high-quality investments.

Strategic focus on continued growth trajectory of Asset Management

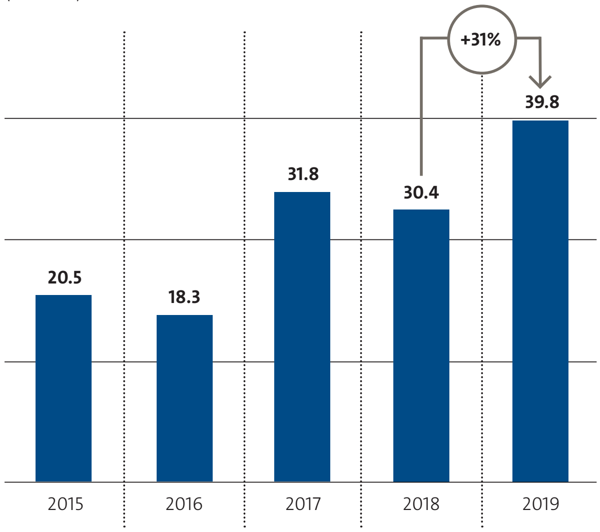
The successful positioning and targeted expansion of Asset Management in recent years saw this business continue on its growth trajectory in the reporting year. In a generally positive market environment, assets under management rose by more than 18% to CHF 10.6 bn. Asset Management was able to attract new client assets of some CHF 1 058 mn, in particular thanks to the success of the healthcare and alternative investment strategies. This pleasing new money development was mitigated by declining investor interest in traditional fixed income and mixed strategies, as evidenced by outflows of CHF 635 mn. The net new money inflow therefore amounted to CHF 422 mn, equivalent to net new money growth of 7.3%.[1]

In 2019, Bellevue once again delivered proof of its broad investment expertise. The performance contribution of CHF 1.2 bn reflects the attractive growth potential of the product spectrum. In a competitive comparison, 90% of investment strategies were ranked in the first and second quartiles, while more than 70% of assets under management benefited from above-average investment performance.

[1] For funds and mandates, excluding the investment company BB Biotech AG

At CHF 1.8 bn, the client assets of Bank am Bellevue remained stable even after the announced sale of the Bank. In the reporting year, the Bank recorded a loss after taxes of CHF 5.4 mn as a result of one-off restructuring costs and impairment losses in connection with the Bank's sale. Consolidated Group net profit after taxes amounted to CHF 11.4 mn in 2019.

OPERATING PROFIT
(CHF mn)



Source: Bellevue Group, as at December 31, 2019

Strong earnings base thanks to steady rise in client assets – significantly higher operating profit

The continued rise in assets under management forms a solid platform for the further expansion of Bellevue Group. This is also reflected in the 12% rise in operating income to CHF 103.9 mn. Recurring management fees, which rose by around 4% to CHF 95.4 mn, are still the most important income pillar. These now account for 92% of total operating revenues and stabilize the income side. Performance-related and transaction-related income improved significantly in the reporting year to CHF 6.3 mn, thanks in particular to the strengthened "Alternative Investments & Private Equity" area. On the cost side, personnel expenses rose by some 11% to just under CHF 51 mn due to higher performance-related compensation, while other operating expenses also rose due to application of a new IFRS standard. Total operating expenses rose by 3% to CHF 64.1 mn. This results in an operating profit figure of CHF 39.8 mn – a sharp rise of more than 31% on the previous year. The cost/income ratio for the year amounted to a healthy 62% thanks to a combination of greater revenue momentum and a below-average rise in expenses. This metric of efficiency therefore improved further and now lies in the medium-term target bandwidth of 60–65%. Due to one-off write-downs and impairment losses on goodwill and illiquid treasury positions of CHF 10.9 mn, profit after taxes in the continuing asset management business amounted to CHF 16.9 mn. Adjusted profit excluding extraordinary impairment losses amounted to CHF 27.8 mn.

Distribution of proceeds from sale of SIX stake – sustainable shareholder-friendly dividend policy

As previously announced, in the summer of 2019 Bellevue Group decided to sell its stake in SIX Group AG – which it had held since 2007 – to another SIX shareholder. This attractive sale opportunity was seized not least due to the size of the position, which was not a strategic holding for Bellevue. The bulk of the proceeds will now be distributed to shareholders. Accordingly, the Board of Directors will propose to the general meeting of shareholders on March 24, 2020 that a special dividend of CHF 2.75 per share be paid.

The sustainable increase in earnings power in Asset Management in recent years will allow Bellevue to adhere to its shareholder-friendly dividend policy, which generates lasting added value for shareholders. We want shareholders to continue to participate in Bellevue's operating success. The general meeting of shareholders will be asked to approve an increase of just under 14% in the dividend from continuing operations to CHF 1.25 per share. This is equivalent to a 60% payout ratio and a dividend yield of more than 5% on the year-end closing price. Thanks to the disciplined deployment of capital, the return on equity works out at the attractive level of 19.6% after the proposed distributions, based on the adjusted profit figure of CHF 27.8 mn.

ORDINARY DIVIDEND PER SHARE 2020

CHF 1.25

(Proposal)

Management changes due to new strategic focus

Following the successful acquisition of the private equity boutique adbodmer, Jan Kollros joined Bellevue's Group Executive Board with effect from mid-July 2019. In December, Patrik Gilli, who was heavily involved in the successful divestment of Bank am Bellevue, was appointed as the Group's new Chief Financial Officer. Owing to the sale of the Bank, Thomas Pixner – who had managed the build-up of wealth management activities since the start of 2018 as CEO of Bank am Bellevue and a member of the Group Executive Board – decided to relinquish his management role. He will continue to support both the Bank and its clients during the implementation of the transaction and thereby ensure a constructive transition for all parties. The Board of Directors and the Group Executive Board would like to thank Thomas Pixner for his great dedication and support in the Bank's transition.

Having sharpened the focus of its business operations, Bellevue Group's Board of Directors is also being adjusted to the Group's new operational profile. Dr. Rupert Hengster, a director since 2017, has decided not to stand for reelection at the pending Annual General Meeting. The Board of Directors thanks Dr. Rupert Hengster for his valuable, constructive services on behalf of Bellevue Group. Four of the board's currently serving directors, Veit de Maddalena (Chairman), Dr. Daniel H. Sigg, Dr. Urs Schenker and Katrin Wehr-Seiter, will be standing for re-election.

Taking advantage of clear position as pure asset manager to generate further growth

Bellevue Group has positioned itself unmistakably as a pure asset manager over the last year, clearly sharpening its profile as a "house for investment ideas". We are now writing a new chapter in the history of our company. Our acknowledged strengths in the development and implementation of selected strategies for sustainable asset growth provide a promising platform for Bellevue's future growth as a finance boutique for innovative investment solutions. Our offering, with its three distinct pillars – specialized healthcare strategies, alternative investment strategies, and traditional investment strategies – has proven itself, and is appropriately balanced for all market phases. It is our mission to deliver attractive returns for investors by identifying growth opportunities at an early stage, thereby creating innovative investment ideas that work for everyone.

With the takeover of private equity boutique adbodmer AG we have made our investment expertise even more broad-based. Entrepreneurial and exclusive direct stakes will be increasingly in demand, making them an ideal supplement to the existing spectrum of services and solutions. The task now is to gradually build up this business. An initial step to strengthen this area has already been taken with the acquisition of Realwerk AG, which offers customized direct investment solutions. The aim is to expand investment opportunities in German-speaking countries in particular. Thanks to our internationally established network, a wider client base can gain access to these unique investments. In addition, we are also planning to launch a new private equity fund this year.

A decisive factor in the perception and success of Bellevue Group is our workforce. Thanks to the passion and unrelenting dedication shown by our employees, we can offer high-quality investment solutions and gain the trust of investors. On behalf of the Board of Directors and the Group Executive Board, we would like to thank them for their remarkable commitment. We would also like to thank our shareholders and clients for their support and loyalty over many years. We look forward to writing this new chapter in Bellevue's history together with them.

Veit de Maddalena
Chairman of the Board
of Directors

André Rüegg
Chief Executive Officer

BELLEVUE FUNDS (LUX)

10 YEARS

Stefan Blum, Marcel Fritsch
Portfolio Manager BB Adamant Medtech & Services

BB ADAMANT MEDTECH & SERVICES | ITD +369.6% (I EUR) | AUM CHF 1 049 MN

What were the biggest highlights of the past 10 years?

Our investment approach is focused more on analyzing companies than stocks. A deep understanding of every investment candidate and the true value of its products or services and of how its top management functions is therefore a vital, intrinsic part of our investment process. During the past 10 years we have connected with many exciting people from the world of medicine and business. We had many enlightening conversations and learned more and more every day. The trust and confidence investors have placed in us and their perception of our Medtech & Services Fund as a superb vehicle for investing in the healthcare sector have also been very rewarding experiences.

What were the greatest challenges?

Compared to other funds on the global stage, we are a relatively small investor operating out of Switzerland but investing mostly in the United States. Ten years ago, no one in the US was waiting just for us and it wasn't easy establishing close contact with company representatives. We were diligent, though, and over time we earned the respect of many professionals in our targeted universe. Now we don't have to knock twice.

Looking ahead to the next 10 years, what do you see?

We expect new, groundbreaking innovations, particularly in the field of digital health, that will make healthcare systems better while lowering costs. We're optimistic that we'll continue to generate value for our investors over the long run, just like we have in the past. We'll do so by identifying the most promising products and services and their market potential at an early stage and bringing them into the portfolio.

“We have already achieved a great deal – but there is much more still to do.”

André Rüegg, Group CEO, and Patrik Gilli, Group CFO, on Bellevue's strategic focus on the asset management business, the various challenges in the current market environment, and the development and growth plans of Bellevue Group.

2019 really was a “trailblazing” year for the Bellevue Group. What were your experiences of the financial year just ended?
André Rüegg: Indeed, 2019 was an eventful and important year for the future orientation of Bellevue Group. We brought about a further strengthening of Asset Management, which has been developed continuously and very successfully over the last decade. The results for last year underscore the point that our specialized investment expertise is equally sought after and valued by national and international investors alike. At the same time, the build-up and expansion of wealth management in the Bank, which was initiated back in 2017, proved to be a truly major challenge. Against this background, a number of options for the sustainable development of the Bank were reviewed and discussed. The Board of Directors and the Group ultimately decided that it would be in the best interests of employees, clients and shareholders for the expansion of wealth management to be passed on to new owners – meaning a sale of the Bank. In addition, we streamlined our capital structure and relinquished our stake in SIX Group, which was not a strategic holding. What we have to do now is press on with the success story of Asset Management in a focused way and maintain our strong tempo.

What factors did you take into consideration in the sale of the Bank, which was successfully completed at the end of February 2020?
Patrik Gilli: It was important to us that the Bank be taken over by an established buyer with wealth management experience and a clear plan for its further development. For the sake of both employees and clients, we were keen to find a new home in which the Bank could benefit from international wealth management DNA, so to speak. This will provide new stimuli for the further expansion of the well-anchored Swiss business, while at the same time facilitating innovative services in wealth management. The Bank's ongoing business remained very stable throughout the transaction period. We are very grateful to the management team and the Bank's employees for this impressive achievement.

Asset Management grew yet again in 2019, increasing assets under management to a new record level of CHF 10.6 bn. What are the drivers of the ongoing rise in client assets?
AR: In recent years, particularly last year, we have repeatedly succeeded in generating value for our clients against a challenging market backdrop. Sustained investment performance is the primary and key growth driver in asset management. Other success factors include the net new money inflow, i.e. the ability to attract new client funds, as well as inorganic growth through acquisitions. As our income streams obviously depend heavily on the financial markets, we have gradually expanded our investment expertise and product spectrum, while at the same time making them more broad-based. With our three investment competencies of “specialized healthcare strategies”, “alternative investment strategies”, and “traditional investment strategies” we have solutions that are not only specialized but also diversified. Diversification provides opportunities for investors and protection for shareholders. Our selective offering is supported by structural growth trends and enables us to achieve a clear positioning as an investment house with innovative investment ideas.

What factors shape the business model of a successful asset manager?
AR: A successful business model in asset management is essentially all about the ability to generate outperformance for investors, convincing investment expertise with innovative products and participation opportunities, and an attractive, sustainable return for the shareholders of the company. As a pure asset manager with a multi-boutique approach, Bellevue Group has a simple and clear business model. Thanks to our active investment style we recognize promising investment ideas at an early stage, and can tap into sources of above-average return potential for our clients. Our scalable model combined with a robust capital base and shareholder-friendly dividend policy provides shareholders with an attractive return. Bellevue is driven by committed and entrepreneurial employees who ensure the quality and innovation of our services day in, day out. In line with the principle of “eating our own cooking”, our investment experts are also entrepreneurs and share the clients' successes through their own investments.

For fiscal 2019 Bellevue recorded a significantly higher operating profit of CHF 39.8 mn. But a number of special factors reduced net profit. What kind of earnings development can we expect to see going forward?
PG: The continuous rise in assets under management over the last few years represents a solid platform for the further growth of Bellevue Group's revenues and earnings. The effect of

Our house of ideas

Generates outperformance for our investors

Convinces with investment expertise and innovative products

Creates attractive and ongoing returns for shareholders

higher assets under management will only fully feed through in the current fiscal year. At more than 92%, the proportion of recurring revenues is very high and will ensure a certain stabilization of results. The write-downs and impairment losses we booked on the goodwill of Star Capital and illiquid treasury positions are special factors that weighed on the result in 2019. It is our mission to deliver further profitable growth for Bellevue Group. This is reflected in our medium-term targets of 5–10% growth in net new money and a cost/income ratio of 60–65% on the operating result.

What kind of growth plans does Bellevue have?

AR: We have consistently aligned Bellevue Group with the new reality in the financial industry and global markets in recent years. Bellevue has gradually sharpened its profile as a pure asset manager. We have already achieved a great deal – but there is much more still to do. Our strengths, which include our diversified product spectrum and the first-class investment performance we have delivered, now have to be consolidated and further developed, in keeping with the motto "grow with the product and innovate". On the one hand we will achieve this by expanding our client network and tapping into new sales markets. On the other we will be launching a number of innovative products, such as we have done with the BB Pureos Bioventures Fund just recently. We want to expand our private equity activities and increasingly exploit the investment expertise of the specialists of adbodmer and Realwerk in the German-speaking world. In addition, this expertise is to be bundled in a new private equity fund and offered to a wider target audience. Our financial solidity allows us to grow both organically and inorganically, although the focus will be on fairly modest transactions.

"Our selective offering is supported by structural growth trends and enables us to achieve a clear positioning as an investment house with innovative investment ideas."

Patrik Gilli
Chief Financial Officer

André Rüegg
Chief Executive Officer

High Conviction

Executive Board Bellevue Asset Management: Birgitte Olsen, André Rüegg, Dr. Cyrill Zimmermann, Patrick Fischli, Dr. Daniel Koller, Martin Gubler, Markus Peter

Bellevue Asset Management focuses on attractive special areas that are driven by structural growth trends. One of our core areas of expertise has been the global healthcare sector for over 25 years. In addition, regional strategies such as entrepreneurial strategies or frontier markets as well as the absolute return solution offer interesting investment opportunities far removed from mainstream benchmarks.

Our business model and key developments in 2019

Following the successful sale of Bank am Bellevue AG, the strategy and business model of our Group will from now on be geared around the Asset Management segment, which was set up around ten years ago and has been successfully positioned in the meantime. With this clear focus on so-called pure play asset management, the existing growth engine of our Group will also be the sole platform and driver of future growth.

Our aim is to consolidate this proven strategy in order to strengthen and expand the current business model so that it can deliver new stimuli for sustainable growth. The foundations for this were laid in previous years, when our company succeeded in expanding the business both organically and through acquisitions, thus generating consistent double-digit growth on an annual basis to its current level of CHF 10.6 bn.

Bellevue – a "house of ideas"

Our clear company profile has a unique set of characteristics that has enabled us to clearly position ourselves in the market and set ourselves apart from the competition. We earn our money for our investors and shareholders by creating and processing attractive investment ideas. This involves anticipating new opportunities and giving investors access to innovative, value-creating investment solutions outside of the mainstream.

A combination of high-level specialization, an entrepreneurial approach, and resolute independence makes our Group what it is today. As a pure asset manager with a multi-boutique approach, we specialize in investment themes for which an active investment style is essential if extraordinary return potential is to be exploited. Our approach is independent of benchmarks and involves a clear focus on innovation and quality.

One of our most important growth drivers is our commitment to outstanding investment performance, driven by competence, specialization, and innovation. Our offering comprises a clearly defined spectrum of investments that offers investors and shareholders a potent balance of special themes and diversification, along with access to sustainable growth areas. As a pure investment institution, our revenue

Bellevue Group as "pure play" asset manager

BUSINESS MODEL = SIMPLE & CLEAR

- Pure play asset manager
- Independent, entrepreneurial "multi-boutique"
- Active, unconstrained investment approach
- Product-centric ("attractive investment ideas")
- Unique spectrum of proven investment skills and performance
- Differentiated & well-diversified product portfolio
- Understandable, scalable business model

PHILOSOPHY = BUILD VALUE

- Primacy given to investment performance
- Anticipate new investment opportunities and create ideas for clients
- Focus on innovative investment products
- Offer entry opportunities for every type of investor
- Share entrepreneurial success
- Ensure attractive value creation for all stakeholders

FINANCIAL PROFILE = ROBUST & LOW RISK

- Focus on sustained earnings power and growth
- Proven performance criteria (KPIs) for business management
- Good balance between "specialty" and "diversification"
- Solid balance sheet, with zero debt
- Strong base of core shareholders
- Shareholder-friendly dividend policy and attractive capital returns

CULTURE – "WE EAT OUR OWN COOKING"

- Independent, efficient and entrepreneurial since 1993
- Strong financial commitment from all levels of the workforce
- Investment teams enjoy a considerable degree of autonomy (no CIO/investment committees)
- Quality and innovation are growth drivers
- Trust and entrepreneurial freedom (empowerment)

Specialized healthcare strategies (directional)

Investment companies
- Biotech
- Healthcare global

Investment funds
- Biotech
- Medtech & Services
- Asia/Emerging Markets
- Healthcare global
- ESG strategies

Mandates
- Custom fund mandates
- Institutional mandates

AuM
CHF 7.1 bn

Alternative investment strategies (uncorrelated)

Private equity funds
- Biotech ventures funds
- Private Equity DACH fund (new)

Private equity investments
- Private equity direct investments (new)

Absolute return strategies
- Global Macro (alternative UCITS)
- Market-neutral investment strategies (rules-based)

Mandates
- Custom fund mandates
- Institutional mandates

AuM
CHF 1.2 bn

Traditional investment strategies (diversified)

Specialized growth strategies
- Entrepreneur strategies (CH/EU)
- Frontier markets (Africa)

Defensive investment strategies
- Global value strategies

Fixed income strategies
- Global fixed income strategies (unconstrained)

Multi-asset strategies
- Defensive/dynamic multi-asset strategies
- Long/short multi-asset strategies

Mandates
- Custom fund mandates
- Institutional mandates

AuM
CHF 2.3 bn

streams obviously cannot divorce themselves from the general development of capital markets. But this in turn makes it all the more important to create a broader-based income base through a consistently implemented strategy involving diversification of the product and services offering. Not only does this offer better protection to our shareholders, it also opens up greater opportunities for investors to participate in our multifaceted ideas.

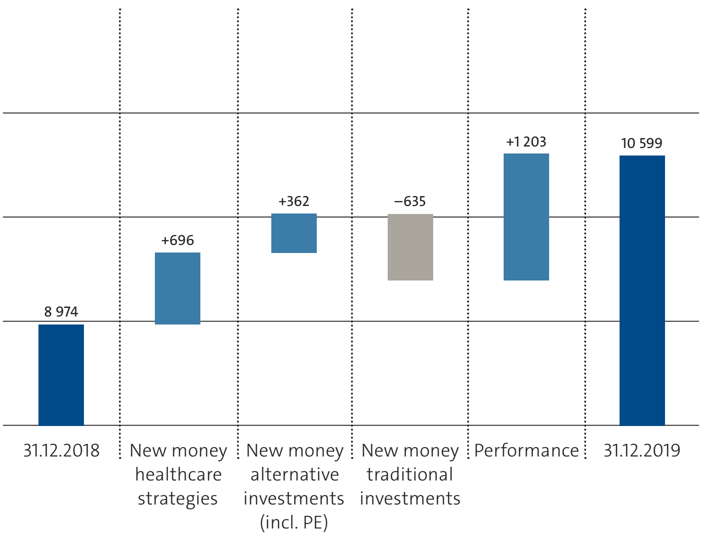
The three pillars of our business are directional healthcare strategies, alternative investment strategies, and traditional, broadly diversified investment strategies. This represents a selective, differentiated offering far removed from more trodden paths. We are convinced of the attractiveness of selected special themes that are supported by structural growth trends. For example, our unique spectrum of products testifies to our core expertise in the healthcare sector dating back more than 25 years, as exemplified in particular by the outstanding flagship strategy of BB Biotech AG. We have shown ourselves to be pioneers in the area of entrepreneur strategies, as well as with our Africa strategy as a frontier market. At the same time, we have repeatedly been able to identify new investment opportunities at an early stage and implement these as ideas for investors. Our institution exhibits this innovative strength year in, year out. A common thread to all our portfolios is their focus on sustainable income streams and growth. Highly specialized teams of experts deliver competitive returns on the one hand and manageable risks on the other thanks to intelligent management. In addition to traditional fundamental analysis, the one-to-one discussions held with company managers and leading industry experts provide a solid basis for this.

Staunch advocates of active asset management

Not only are our employees investment experts, they are also at the same time entrepreneurs. In keeping with the saying “we eat our own cooking”, employees at all levels of the company share in our clients’ success through their own investments. This culture requires a deep-rooted belief in active management with a high level of conviction and considerable discipline. In keeping with the company philosophy applied on a daily basis, our portfolio teams are given considerable entrepreneurial freedom of maneuver. At Bellevue Group you will not find any overarching investment committees or CIOs. Working independently in their own product

DEVELOPMENT OF ASSETS UNDER MANAGEMENT 2019

(CHF mn)



Source: Bellevue Group, as at December 31, 2019

areas, the relevant specialist teams are all committed to self-responsibility, respect, and the strength of their own vision. All this gives us a market advantage – one we have shared with our clients since 1993. The creation of value for clients, employees, and shareholders alike is our ultimate goal.

Promising developments in 2019

Many investors took a reticent approach at the start of the year following the massive corrections seen in equity markets in the fourth quarter of 2018. But in contrast to this restrained stance, 2019 proved to be an excellent stock market year, which was once again boosted by the very expansionary monetary policy of the world's key central banks – to the benefit of US and European equities in particular. Neither the ongoing trade dispute between the US and China nor emerging recessionary fears were able to break the upward market trajectory. But despite this positive development, many investors looked for secure havens and showed a preference for defensive stocks. High-yielding "large caps" were particularly in demand. Against this backdrop, Bellevue demonstrated its expertise as an active asset manager in 2019. In a competitive comparison, 90% of assets and their associated strategies ended the year in the first or second performance quartiles. Around 72% of strategies outperformed their benchmarks. No less impressive is our long-term track record. More than three quarters of our strategies rank in the top quartile when judged by performance since launch. This remarkable track record is unquestionably due in part to consistency of team composition: For 16 out of the 19 strategies there has been no change in lead manager since launch, and there were no changes in this respect in the reporting year either.

The asset base grew by 18% to CHF 10.6 bn in 2019, which was attributable to high performance gains on the one hand and a substantial net new money inflow of CHF 422 mn on the other. Analysis of the new money inflows in particular reveals that we now have a much more broad-based – i.e. diversified – spread of assets than we did in the past. For both market and sectoral reasons, the inflow and outflow of money exhibits a clearly differentiated picture in the different asset classes. Once again, we witnessed a strong inflow of new funds into the area of innovative and structurally growing healthcare strategies. Attracted by the more defensively oriented growth strategies such as offered by the BB Adamant Medtech & Services Fund or the more broad-based BB Healthcare Trust Fund, and supported by innovative new products such as the BB Adamant Digital Health Fund, investors entrusted us with a pleasing CHF 696 mn of new money.

On the outflow side, we saw a process of erosion taking place in the area of traditional investment strategies. With the backdrop of a persistently low interest rate environment, these strategies were unable to keep up, or could only do so to a limited degree. First and foremost these were the classic fixed income and mixed strategies and the very defensive equity value strategies. Even clearly differentiated niche strategies such as the entrepreneur product spectrum were unable to escape this trend due to their pronounced cyclicality. These areas recorded money outflows of some CHF 635 mn in total.

By contrast, we witnessed very positive development in our reconstituted and strengthened area of alternative investments, where net inflows amounted to a total of CHF 362 mn. A beneficiary of the general flight to safety was the area of absolute return strategies such as the BB Global Macro Fund, which were able to deliver impressive returns despite low volatility. Our private equity investments area is likewise clearly on an upward trajectory. Thanks to our strong position and proven healthcare expertise, our BB Pureos Bioventures Fund launched in 2018 attracted significant new money not just from Swiss investors, but also from leading international industrial and strategic investors from the US and Asia. This very positive development has greatly encouraged us and motivated us to invest more strongly in these areas.

Ongoing development of our platform, distribution network, and client network

Against this background, we consistently developed our business model and our platform at various levels last year – both organically and inorganically. We further strengthened our organization in all areas by bringing in new talent and expertise, this with a view to equipping ourselves to face the challenges that lie ahead and seizing any growth opportunities that arise. In our search for new specialists, it helps us enormously that we have been able to rely on the same core team for many years, with no departures. Our main objective here is to secure high performance quality and to further develop our product and service spectrum with new and innovative concepts.

We have also resorted to inorganic measures to give impetus to our alternative investments area. Two small but carefully selected acquisitions over the last 12 months – adbodmer AG, Horgen (summer of 2019) and Realwerk AG, Zug (January 2020) – underline our commitment to private equity investments not only in the healthcare sector, but also in the area of medium-sized companies in the German-speaking world. Both companies and their teams have pertinent experience and specialist expertise in the identification and management of attractive entrepreneurial investment ideas for affluent private investors and families. In addition to the targeted further development of the existing business model involving direct participations, the planned launch of the corresponding private equity fund should serve as a further catalyst of growth.

Our investment in the establishment of a new location in London a few years ago has paid off. In addition to the ongoing build-up of our market presence in this strategically important market, we have strengthened the local entity further and acquired a UK license as an asset manager. This should enable us to keep driving forward our hitherto successful growth ambitions and unleash new stimuli. At the same time, we now possess local authorization to act as an asset manager in all key European regions of relevance to us – in the Swiss domestic market, in the Eurozone thanks to our license in Germany, and now in the UK too thanks to the aforementioned license in London.

Last but not least, we can look back at pleasing growth dynamism at client level in 2019. Thanks to intensified distribution efforts, we have succeeded in continuously expanding our national and international network of clients and tapping into new markets. In addition to further positive progress in the core strategic markets of Switzerland, Germany and the UK, we have also witnessed promising growth momentum in our "secondary" markets (including Spain, Austria and Luxembourg). Particularly noteworthy is the fact that our product offering has become increasingly attractive to major institutional clients and global bank platforms. This can be explained by the fact that our investment concepts are not only highly attractive and boast impressive track records over many years, they now also have the necessary critical investment mass. Accordingly, we are seeing strong client growth from Asia, led by the key hubs of Singapore and Hong Kong. But we can see further potential in markets closer to home too, particularly in the newly targeted countries of Italy and Israel. By contrast, where the largest "investment bastion" of all is concerned – namely the US – we are maintaining a respectful position on the sidelines as an active observer. Such a step requires great circumspection and preparation.

Intact growth potential for the future

The course for further growth has essentially been set. The strategic focus on asset management alone brings us clear benefits. The selected business model is highly scalable, ties up less regulatory capital, creates a clear business profile, and gives us greater agility due to its reduced complexity.

The growth drivers of our simplified business model are readily identifiable: the market performance of our product spectrum, the ability to attract new client funds, and inorganic growth through further acquisitions. Our clear strategic position and the strengths that we have nurtured support us in our conviction that further growth potential is intact in all these areas.

Our spectrum of healthcare products, driven by structural growth, can continue to rely on robust fundamentals. Diversification in asset classes outside of the healthcare and equity markets provides us with a certain degree of protection, particularly in the strengthened area of less correlated alternative strategies. On the other hand, we are mindful of the fact that we have benefited from an unbroken bull market over the last decade, which means we cannot rely on a permanent tailwind going forward – quite the opposite. Where the capital markets are concerned, we are maintaining a constructive and cautiously optimistic stance.

By contrast, it is clear that we should be arming ourselves for darker times and imbuing our business model with lasting stability and enduring earnings strength. Additional support makes sense in the area of more defensive and alternative instruments. And this is something we will work on in a targeted way.

At the same time, the gradual increase in competitive pressure means that we have to review our product spectrum on an ongoing basis and adjust it as required – both qualitatively and quantitatively. Our long-standing, proven development process has shown that we are capable of delivering high quality and creating product innovations on a consistent basis. On that platform, and with the knowledge that we can demonstrate competitive performance and service quality as well as long-term track records, we are convinced that we can continue to attract new client funds. We have the ability to continue to develop our distribution and client networks, and have shown that we can break into new markets successfully.

Our experience and proven track record of successfully executed acquisitions testifies to our ability to deliver inorganic growth when the right opportunities arise – be it with a view to strengthening our business base, expanding our expertise, or acquiring complementary skillsets. The financial resources to deliver growth through this channel are likewise in place. That said, we will be adopting a very selective approach in this respect, with any transactions we pursue likely to be of a minor nature for the time being.

High level of expertise

Team adbodmer AG: Dr. Adriana Ospel-Bodmer, Lionel Fracheboud, Jan Kollros, Olivier Franscella

Adbodmer AG is operating in the field of direct investments, investment management and corporate transactions for selected investor groups of entrepreneurs and private individuals. A dedicated, well-connected team of experts serves as a link between promising growth companies and investors.

"We speak the same language as the business owners and as the investors."

Adbodmer AG has been part of Bellevue since the summer of 2019 and is the foundation of the private markets unit. Dr. Adriana Ospel-Bodmer, founder and Managing Partner, and Jan Kollros, Managing Partner, about their strategy and challenges in their business field.

Adbodmer became part of Bellevue Group last year. How did that change your workday?
Adriana Ospel-Bodmer: It didn't change much as far as my role, or mission, is concerned, as had been expected beforehand. So I'm still trying to connect interesting companies with a majority shareholder at attractive, fair prices and then helping to guide and grow the business from a long-term perspective.
Jan Kollros: As a member of Bellevue Group's Executive Board, I am additionally tasked with expanding the newly formed Private Markets unit. As Adriana already pointed out, little has changed in terms of my day-to-day work, but of course we can tell that we're now part of a larger team, one that's pulling in the same direction and working towards the same goals.

What makes adbodmer a successful private equity specialist?
AO: We speak the same language as the business owners and as the investors. Both sides have their own particular points or concerns that they care very much about. It takes special skills to get everyone on common ground where real, constructive progress towards the strategic goals of the company can be made.
JK: A relationship with business owners or investors cannot be established in a day. Our relationships evolve over time, sometimes over many years. We don't wait for a classic broker or a bank to come to us with potential investment ideas. Instead, we rely on our personal network to single out compelling companies, which we'll then contact directly to see if their owners are interested in hearing about our pragmatic andlong-term-oriented approach.

Who does what on your team?
AO: Roles and responsibilities on our team are very broad and wide-ranging in scope. We all work on finding new investors or companies that might be interested in a private equity investment. All of us on the team also share the various responsibilities that arise once an equity investment has been made.
JK: I'm responsible for a wide range of business development and management duties, while others on the team mostly work on preparing information dossiers for investors and doing due diligence while we're in negotiations with target companies.

You two have very different backgrounds. How do they fit together?
JK: Adriana has a financial background. She has a lot of experience in financial matters.
AO: Jan has a degree in industrial and production management from the ETH in Zurich. He'll be able to spot critical points that can make or break success while he's touring a manufacturing facility or analyzing a product development process, for exam-

Dr. Adriana Ospel-Bodmer
Jan Kollros
Managing Partners

ple. Our financial and technical backgrounds are a perfect fit in many respects.

You invest in companies with growth potential. What conditions must be met for you to consider a case as an attractive proposition?
AO: We have achieved good results with our "MMM" approach: management, market, money. Management is certainly the most important of the three.
JK: We like companies that are specialists in a niche market and that are going through a stage of business growth. We're not interested in start-up companies or turnaround situations. We prefer to work with companies that are generating a profit because we feel comfortable holding or arranging active minority interests and would rather not run or guide the day-to-day business of a target company. That approach is difficult to apply with young companies or companies that have been in business for a while but are now in trouble.

Have you specialized in certain industries over time or does it not matter what sector a company is active in?
JK: It's hard to focus on just one industry in Switzerland because the investment universe is pretty small. As a rule, we'll look at any company that meets the basic profile described above. Our primary focus, though, is on specialized companies from manufacturing industries and on providers of innovative services.
AO: Our experience over the years is that companies whose products and markets are fairly easy for investors to grasp are also the ones that are easier to connect with investors. We tend to avoid sectors that are very academic or abstract.

What's the bigger challenge today – finding investors or finding investment cases?
JK: Business owners need to feel confident before they let outside parties into their close inner circle. Investors will also be more open about their interests and priorities once a certain level of trust has been reached. In that sense, the biggest challenge is finding sound investment cases that we can exclusively develop and structure for our investors, and these investors must also satisfy the demands and expectations that the business owners have communicated to us. We are not interested in the typical business auction.

And when you've acquired a new project, how do your investors actually invest in a company?
AO: Almost all investments involve the purchase of company stock. In exceptional circumstances, an interest can be structured through a convertible bond. Sometimes equity investors will also be engaged as a board member of the target company.

How do you screen investment opportunities?
JK: We mostly rely on our personal network. Sometimes we will actively look at specific segments or industries that we think are interesting and then reach out to prospective contacts. Once communication has been established, quite some time can go by until an investment case has actually been worked out.
AO: We are in very close contact with clients and that helps us to discern trends and desires and look for opportunities in the right places. Our clients have a broad range of interests, just like we do.

Are there any sectors that you are particularly interested in?
JK: Themes that are not that cyclical or project-dependent are high on our list at the moment. These can be found in high tech, food and certain services industries.

What can you say about the current pipeline of new investment cases?
JK: Our pipeline expands and contracts with the steady flow of new ideas and contacts entering the pipeline and the outflow of prospects that decide to pursue an internal succession plan, for example, or that want to grow on their own.
AO: We are confident that we will be able to arrange and implement two to three opportunities for our investors every year, as in the past.

Private equity investments are at record high levels. Are you worried about a bubble in the private equity business?
AO: The classic private equity investments are invested in funds. There's no doubt that huge sums of money have inundated this market while the number of investment targets is limited. Accordingly, auction processes will continue to deliver prices at the high end of the range and, with interest rates so low, aggressive borrowing strategies are being used in an effort to reach the required return on equity. If a business in this situation does not develop as expected, any amortization difficulties can lead to discussions with the bank or whoever made the loan and, ultimately, seriously jeopardize the company's future.
JK: Since we aren't under any pressure to put money to work, we can deliberate and structure all prospective investment cases with the target companies in a careful and unhurried manner. That gives us more room for maneuver on the valuation front too.

You also act as an advisor to counterparties engaged in M&A negotiations. What advantages do you offer as a boutique operation over the M&A advisory teams at big global banks?
AO: Our local touch and deep understanding of the world in which SME business owners operate are crucial in this respect too. But we're certainly not the right M&A partner for a large multinational corporation.
JK: Yes, our M&A focus is very narrow. Small and mid-sized enterprises that are seeking a buyer appreciate our broad network of family offices and strategic investors.

BELLEVUE FUNDS (LUX)

Birgitte Olsen
Lead Portfolio Manager
BB Entrepreneur Europe

BB ENTREPRENEUR EUROPE | ITD +208.5% (I EUR) | AUM CHF 97.4 MN

What were the biggest highlights of the past 10 years?

On the whole, they were great years for investors, despite the lingering nervousness in the wake of the global financial crisis in 2008. Our Entrepreneur strategy was launched back then as a European blend fund and two years later that was followed by the very successful small/mid-cap version of our entrepreneur strategy. Since then we've discovered and invested in scores of innovative companies with great potential – Pirelli, Ferrovial, Orpea, Vidrala, Ströer, Moncler, Isra Vision and Rovi, to name but a few. What these top-performing stocks shared in common were rock-solid balance sheets, strong margins and long-term business plans, and they've delivered good returns for us as minority shareholders.

What were the greatest challenges?

There's been a big change in the general environment for stock-pickers. Central banks have shifted the playing field and the classic economic cycle has become a relic of a different era. Various mega trends such as digitalization, electrification, IoT and ESG have also entered the picture. Many family-run companies have skillfully navigated these paradigm shifts and, echoing the wisdom of La Fontaine's words written centuries ago – "Running is of no use; one must set out at the right time" – they have already made themselves fit for the future.

Looking ahead to the next 10 years, what do you see?

The entrepreneur theme has not lost any of its appeal. Business owners set sound, long-term goals to preserve and grow the wealth that they have created, and create value for other stakeholders at the same time. I'm sure the next 10 years will be just as exciting as the last 10!

Development of business areas in 2019

Specialized healthcare equity strategies

When judged by the MSCI World Healthcare Index (+21.2% in CHF), investments in healthcare stocks once again recorded impressive double-digit value increases in the reporting year, although for once they were not able to outperform the MSCI World (+25.5%). While the large pharma companies benefited in their capacity as "safe havens" from uncertainty over a possible recession, many smaller and highly innovative biotech companies lagged behind in performance terms. Medtech manufacturers also enjoyed strong upward momentum on the back of rising digitalization.

In a generally favorable equity environment, the BB Biotech flagship vehicle performed positively. After a fairly modest 2018, the shares of this investment company rose by 18.5% (CHF) in 2019, but this was still slightly short of the portfolio performance (+23.4%). Solid fundamental data in the fourth quarter proved conducive to M&A activities and fueled a year-end rally in the biotech sector. With 48 new drug approvals by the US approval authority (FDA), 2019 was a strong year for drug manufacturers, and well above the ten-year average (36 approvals). From a structural standpoint, BB Biotech once again made significant progress in 2019. The repositioning of the portfolio toward high-growth small and medium-sized companies, a process initiated back in 2018, was consistently advanced in 2019 and is now fully reflected in the portfolio composition. In keeping with the distribution policy of recent years, shareholders of BB Biotech enjoyed a dividend yield of 5%. The Board of Directors has added two biotech specialists with international reputations to its number in the form of Susan Galbraith, Head of Oncology Research and Early Development at AstraZeneca, and Mads Krogsgaard Thomsen, Chief Science Officer of Novo Nordisk. The general meeting of shareholders on March 19, 2020 will be asked to sign off these appointments. At the same time, Prof. Klaus Strein has decided not to stand for re-election. We would like to express our sincere gratitude to him for his services to this investment company.

With portfolio performance of 25.7% and significant outperformance of 7% vis-à-vis the MSCI World Healthcare Index, the BB Healthcare Trust Fund, which focuses on the broader healthcare sector, likewise delivered a convincing result. The strongest performance drivers here were the two digital health companies Teladoc and Align Technology. The market capitalization of the closed-ended fund listed on the London Stock Exchange now amounts to CHF 789 mn, and continues to rise thanks to ongoing capital inflows. Last year alone, some CHF 260 mn of new funds were plowed into this vehicle.

Sandro Tiziani
Head Sales
Switzerland

Tanja Chicherio
Head Marketing &
Communications

Within the healthcare fund franchise, the BB Adamant Medtech & Services Fund catches the eye in particular. With annual performance of 29.4% (in EUR), it is not only a leading outperformer compared to the market as a whole, but also a front-runner among its peers. This performance is all the more noteworthy given that this strategy achieved a solid return of 14% in 2018 too – against a backdrop of a very challenging market environment in which almost all asset classes ended in the red. From a fundamental perspective, this development can be explained by the above-average sales growth of the sector (5–6% p.a.), its power of innovation (including in the digital sphere), and various M&A activities. This strategy succeeded in attracting CHF 436 mn of new assets last year. As a result, the fund surpassed the magic level of CHF 1 bn for the first time. It has been managed by the same team ever since it was converted from an investment company to a fund back in 2009. This consistency of personnel and strategy, coupled with a powerful growth theme, ultimately explains the fund's enduring success in this area.

With its broadly diversified focus on small and mid caps, the BB Adamant Biotech Fund recorded strong performance of 28.8% (in USD), thereby outperforming the benchmark by more than 3%, an achievement attributable to specific stock selection in particular.

The globally-oriented BB Adamant Healthcare Index Fund (now BB Adamant Healthcare Strategy Fund), which is diversified across all sub-sectors, generated a solid return of 23.2% (in USD), thereby performing in line with its benchmark. The BB Adamant Asia Pacific Healthcare Fund, which pursues a regional strategy, found 2019 rather more challenging and lagged slightly behind its benchmark. This was primarily due to the reduction in the weighting of Japanese healthcare stocks by one-half. By contrast, the significant exposure to China once again contributed positively to both absolute and relative performance.

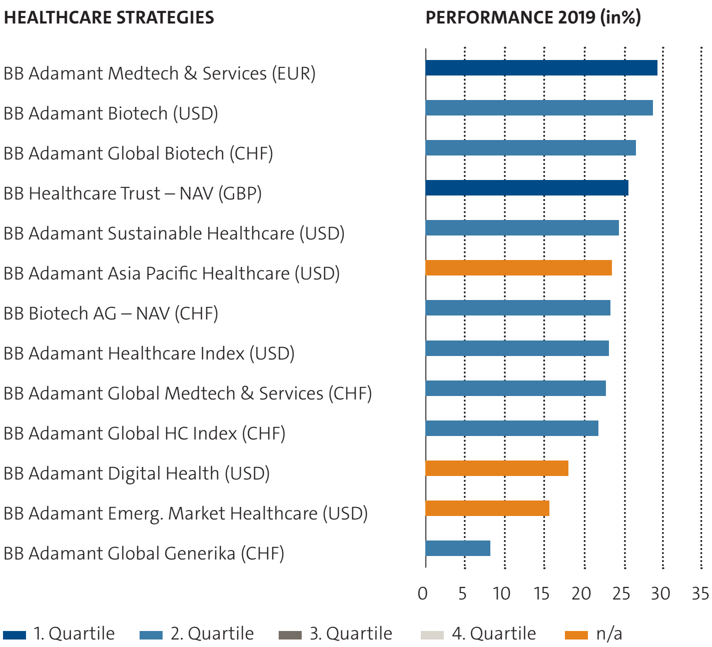
As a "house of ideas", Bellevue's mission is to provide investors with innovative investment concepts that enable them to tap into return potential outside the mainstream. In this respect too, 2019 was a pleasing year. Over the last few years, the healthcare team has succeeded in identifying growth trends at an early stage and creating the corresponding innovative products from these trends. The underlying focus of this approach rests on the two megatrends of digitalization and sustainability. For example, the BB Adamant Digital Health Fund set up in 2018 almost trebled its investment volume to CHF 313 mn thanks to strong inflows throughout the year. The increasing appeal of sustainability to the investment community is reflected in demand for the BB Adamant Healthcare Sustainable Fund. This fund likewise performed promisingly (+24.5% in USD), outperforming both its benchmark and the traditional BB Adamant Healthcare Index Strategy Fund. Thanks to increased demand for sustainability solutions, this fund has more than quadrupled its asset volume since launch.

Alternative investment strategies

While traditional products are increasingly finding it challenging in the market, innovative strategies focused on absolute return such as the BB Global Macro Fund are very much in vogue. When measured in terms of net new money, this fund was the second most impressive performer, attracting almost CHF 250 mn. Its performance of 7.4% was in the upper realms of the target bandwidth, despite exhibiting low volatility of just 2.9%. Thanks to an excellent track record over the last few years, the fund volume has continuously grown and now amounts to just under CHF 800 mn. The team has strengthened its equity expertise further with the appointment of another investment specialist.

There was also a new launch in the form of the BB Europe Equity Market Neutral Fund, which pursues a rule-based long/short strategy and is managed by an experienced StarCapital team. The fund meets the need for security and return by avoiding any directional dependency on the equity market, currency market, or fixed income market. The team, which has already set up a successful long/short fund, is supported by the internal StarCapital market research unit. The goal now is to establish a competitive track record.

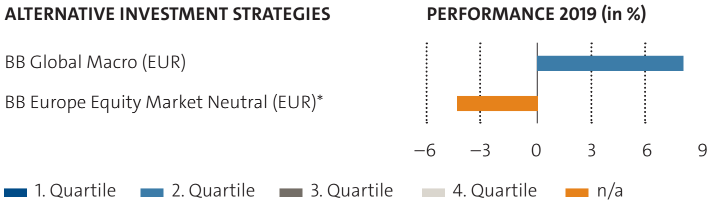
In the private equity area, the BB Pureos Bioventures Fund attracted new money of CHF 100 mn and now has total capital of CHF 160 mn. The investor base includes a large number of family offices and private investors, but also globally leading companies from the healthcare industry such as Gilead, Wuxi Biologics and Crystal Genomics. This shows that Bellevue is perceived as a competent partner in the private equity area and a leading institution in the healthcare sector. This venture capital investment company invests in drug development with a focus on innovative biologics and platforms of the next generation for indications with a high medical need. The first investments have now been made in Alentis Therapeutics, NovaGo Therapeutics, AM Pharma and Eyevensys.



Relative performance, in the competitive universe after Lipper 2019

Source: Bellevue Group, Bloomberg, Lipper for Investment Management/Refinitiv, as at December 31, 2019

ALTERNATIVE INVESTMENT STRATEGIES



*) Launched as of April 30, 2019

Relative performance, in the competitive universe after Lipper 2019

Source: Bellevue Group, Bloomberg, Lipper for Investment Management/Refinitiv, as at December 31, 2019

Further progress has been made in building up the new private equity investment area. The four-person adbodmer team – which focuses on direct stakes, participation management for affluent private investors, and corporate transactions – was strengthened by two further experts thanks to the takeover of Realwerk in January 2020. This has laid the foundation for the targeted expansion of participation opportunities in the German-speaking world and the step-by-step expansion of the exclusive network of investors. In addition to strengthening the proprietary deal flow and participation management, the launch of a new private equity fund is also planned.

Specialized regional and traditional strategies

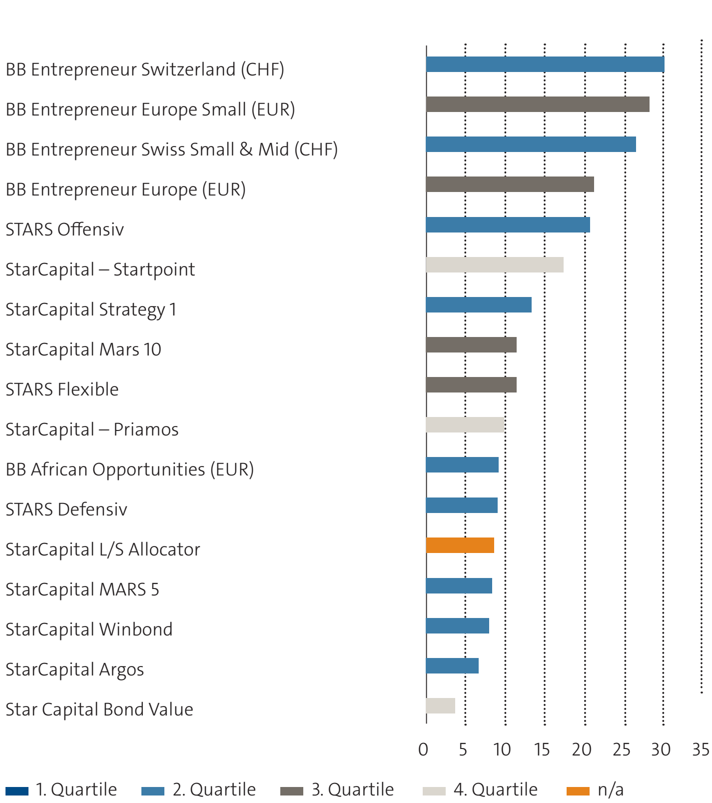
In a market driven more by sentiment than by fundamental company factors, the stock-picker's task has now become very challenging. These funds, with their strategy-related higher degree of cyclicality and overweighting of quality stocks, small caps and mid caps, have experienced certain headwinds. Investors exhibited a preference last year for non-cyclical multinationals, long coveted for their supposed defensive properties. Only in the fourth quarter of the year did a powerful rotation into cyclical second-tier stocks take place. As a consequence, the BB Entrepreneur Strategies embarked on a significant recovery, and in some cases were once again competing for leading positions in the performance rankings – particularly the BB Entrepreneur Switzerland Fund, which almost caught up the SPI with its performance of 30.2% (in CHF). European strategies notched up impressive price gains with performance of 21.3% (BB Entrepreneur Europe Fund, in EUR) and 28.3% (BB Entrepreneur Europe Small Fund, in EUR), but for once lagged behind the benchmark indices, which is partly attributable to the fact that heavyweights Nestlé and Novartis are not included in these funds for strategic reasons.

The frontier markets were very much in the shadow of the strong-performing established markets last year. Africa, for example, has been off the investment community's radar for some time now. From a fundamental perspective, however, this continent has been making progress. Nonetheless, the need for reform – particularly in the area of infrastructure, which is viewed as the key to Africa's growth potential – is still considerable. The performance of the BB African Opportunities Fund (+9.2%, in EUR) could not keep pace with the benchmark in 2019, which was primarily due to the strategic underweighting of commodities and South Africa. Both metals & mining and the ZAR were the target of great speculative appreciation toward the year-end, which in our view is unlikely to be sustainable over the long term. The emerging markets team continues to perceive plenty of potential in Africa, particularly in Morocco, Egypt, and Kenya, which are currently trading well below their fundamental values. If reforms are successfully continued, structural drivers such as demographics, urbanization, infrastructure, industrialization, trading, the penetration of financial services, the spread of IT communication technologies, and finally the "China factor" are all likely to set this continent on the path to above-average economic growth, with price gain potential in double-digit territory.

The two equity value strategies Starpoint and Priamos had a difficult year. The pronounced underperformance of value stocks compared to growth and quality plays meant these funds faced massive headwinds, particularly in the second and third quarters. Another factor contributing to the underperformance was the strong dollar. From August onward the picture started to change, with cyclicals – particularly in Europe – making up lost ground. But over the year as a whole underperformance was the overriding theme.

Traditional mixed strategies and fixed income strategies experienced a difficult year generally. Due to their risk/return profile they are becoming ever less popular with investors, who have been increasingly turning to absolute

TRADITIONAL INVESTMENT STRATEGIES



Relative performance, in the competitive universe after Lipper 2019

Source: Bellevue Group, Bloomberg, Lipper for Investment Management/Refinitiv, as at December 31, 2019 return strategies instead. Our snapshot analysis shows that a number of the StarCapital strategies need to be realigned and equipped with innovative concepts. The renamed StarCapital Long/Short Allocator Mixed Fund has been repositioned. The aim is to achieve a steady annual return of 5% through management of the equity weighting, stock-picking, and the purchase of other attractive asset classes (e.g. gold, silver, bonds). The StarCapital Emerging Markets Strategy (I-Share) was liquidated before the end of the year and merged with the Long/Short Allocator at the start of 2020. Like the Multi Asset Fund Strategy 1, this fund performed very well in 2019. At the end of 2019, the Strategy 1 exhibited performance of 13.4%, placing it clearly in the upper half of its peer group rankings (average +11.8%). The Long/Short Allocator, which has not had a peer group since its change in strategy, recorded year-end performance of 8.6%. The Winbonds Plus Fund (fixed income allocation 80%/equity allocation 20%) reported excellent performance of 8.0%, thereby also outperforming the majority of its peers.

The two fixed income strategies Bondvalue and Argos recorded performance of 3.7% and 6.7% respectively, which was broadly in line with their peer groups. Both products were repositioned in 2019, the StarCapital Bondvalue Fund away from many illiquid subordinated bonds and CMS bonds toward a more broad-based corporate/covered bond portfolio. The StarCapital Argos Fund will continue to be managed as a global "unconstrained" fixed income fund with a focus on corporate, government, and emerging market bonds. Due to the change in market environment at the end of 2018/start of 2019 toward declining interest rates, there was a significant need for adjustment in the first half of 2019. The rise in turnover weighed on the performance of the fund during this period.

The rule-based multi-asset strategies were mainly defensively positioned in global bonds at the start of 2019, as the equity market trends from the fourth quarter of 2018 continued to present a gloomy backdrop. With the trend reversal in equity markets in the first quarter, the tactical approach of the investment community then rapidly switched from "risk off" to "risk on". This aggressive stance was maintained until the end of the year, with the portfolios benefiting from the positive development of the allocated asset classes, which comprised a balanced mix of equities and bonds from developed and emerging markets as well as commodities. The STARS Defensive (I) recorded a value rise of 9.1%, the STARS Flexible (I) a rise of 11.5%, and the STARS Offensive (I) a rise of 20.8%. These funds accordingly surpassed their existing high watermarks, thereby triggering performance-based compensation. This was also true of the institutional mandates based on the STARS strategy and the RWS Income and RWS Dynamic partner funds, which likewise moved into performance-based compensation territory thanks to 2019 value increases of 8.3% and 17.9% respectively. By contrast, the STARS Multi-Factor Fund generated no added value in the prevailing market environment, as the trends for the selected smart beta ETFs proved to be unstable, and the fund was also held back on numerous occasions in the year by its sensitive risk restrictions. Due to the low fund volume it was decided not to continue with this fund. The STARS Multi-Factor Fund was therefore subsumed into the STARS Flexible Fund with effect from January 1, 2020. The multi-asset funds based on the MARS strategy were able to more than compensate for their price declines in 2018, closing the year in positive territory. The MARS 5 Fund (advised for Deka) rose in value by 8.4%, while the unit price of the MARS 10 Fund rose by 11.5% in 2019. The positive results of the rule-based multi-asset strategies provide a solid foundation for the envisaged expansion of the institutional business.

Loreno Ferrari
Product Specialist

Jean-Pierre Gerber
Senior Product Specialist

Oliver Fries
Operations & Risk Management

Malek Bou-Diab
Lead Portfolio Manager
BB African Opportunities

BB AFRICAN OPPORTUNITIES | ITD +66.5% (I EUR) | AUM CHF 71.9 MN

What were the biggest highlights of the past 10 years?

The fund's track record stands out as one of the best in its category and we're very pleased with the successful performance of our investment strategy across vastly different market conditions. We managed to build client trust in a very specific niche that is characterized by unfavorable bias and most of our investors have remained loyal.

What were the greatest challenges?

Countries in Africa are in the midst of a period of transformation that is coupled with political and economic volatility. The Arab Spring in 2011 and the collapse of global commodity prices in 2014/2015 sent shockwaves across the continent and its financial markets. Those two events occurred pretty close together, which led to overlapping and interrelated effects that made this a very challenging period.

Looking ahead to the next 10 years, what do you see?

The fruits of, in some cases, difficult reforms that several African countries have implemented in recent years should, with a little help from the global economy, become apparent. These countries are likely to experience a sustained economic upswing, driven by determined industrialization policies. Such success could, in turn, trigger a new wave of optimism in and for the African continent.

Financial highlights of fiscal year 2019

Strengthened financial situation in all key parameters

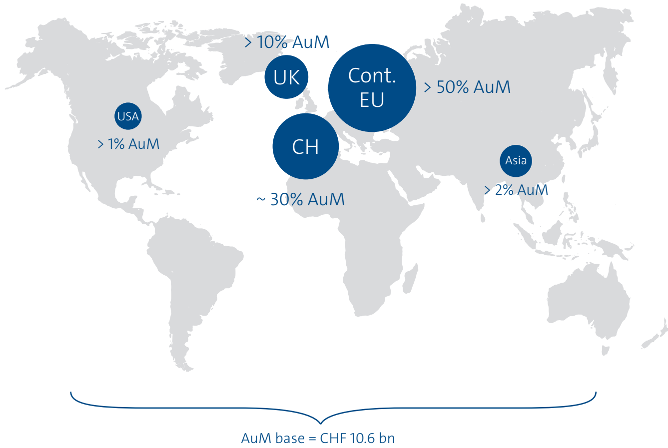
From a financial standpoint, the 2019 fiscal year is likely to go down as a particularly successful one in the recent history of our company. In addition to selling the non-strategic stake in SIX Group at an attractive price, the sale of Bank am Bellevue was successfully completed according to plan in the first quarter of 2020, and the existing – and now only remaining – core business of Asset Management was further strengthened and its growth trajectory confirmed.

All of this has allowed us to not only pay our shareholders a 14% higher ordinary dividend of CHF 1.25 from continuing operations, but also distribute the bulk of the proceeds from the SIX stake in the form of a special dividend of CHF 2.75. The company's capital base remained robust thanks to the simultaneous release of capital previously tied up in Bank am Bellevue for regulatory reasons. This offers both financial security and flexibility when it comes to further growth.

Clear – and broad-based – rise of assets under management

The metric most critical to the success of our business model – namely client assets under management – exhibited growth of more than 18% in continuing operations for the past fiscal year, rising to a new all-time high of CHF 10.6 bn. The sharp rise of more than CHF 1.6 bn was driven on the one hand by a performance contribution of CHF 1.2 bn, and on the other by a solid contribution of CHF 422 mn of net new money. Both developments testify to the attractive growth dynamism of our product offering in the capital market and its growing popularity with clients.

Our asset base is today much more broad-based and diversified than it has been in the past – both in terms of product mix and in respect of the geographical origin of our clients and investors. Where the mix of our asset management strategies is concerned, at the end of 2019 some CHF 7.1 bn



(67%) of assets were invested in our historically strongly rooted and specialized healthcare strategies, and some CHF 3.5 bn in other investment vehicles. The newly created area of alternative investments, which in addition to absolute return strategies also includes ventures and private equity investments, developed pleasingly and now accounts for CHF 1.2 bn of assets under management, or more than 11%.

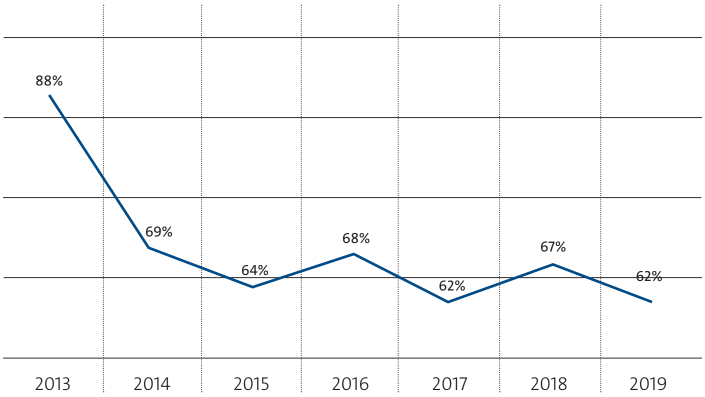
A similar picture emerges when looking at the country mix of our client base. Although this has historically been dominated by our domestic Swiss market, there is now considerably more diversification: More than 70% of client assets are derived from foreign markets, of which some 50% relate to the countries of continental Europe. However, there is also considerable growth momentum in other markets, particularly the UK (share of more than 10%).

The client segments reveal the increasing presence of large intermediary (global bank or wealth management platforms) and institutional clients both in Switzerland and abroad. In keeping with the motto "bulk attracts bulk", the rising number of products with larger asset volumes (> CHF 500 mn) has also attracted greater subscriptions from large players of this kind. Even though this naturally means a declining gross margin on such orders, the profit margin is ultimately barely affected, particularly as the workload involved in acquiring and managing such clients is lower than for a larger number of smaller clients.

Bellevue Group as "pure play" asset manager

	2014	Δ	2019
Client assets ›	CHF **4.7** bn	**277%** (14.7% p.a.)	CHF **10.6** bn
Total operating income ›	CHF **35.4** mn	**293%** (24.0% p.a.)	CHF **103.9** mn
Operating pofit ›	CHF **20.5** mn	**195%** (14.3% p.a.)	CHF **40.0** mn

COST-INCOME-RATIO (CIR) OPERATING INCOME



Source: Bellevue Group, as at December 2019

Sharp rise in income base – more than 92% recurring revenues

Operating revenues from continuing operations broke through the CHF 100 mn barrier for the first time thanks to solid growth of 12%. Of total operating revenues of CHF 103.9 mn, some 92% comprised management fees, i.e. revenues of a recurring nature. The rise in asset-dependent revenues of 4% is somewhat lower than the average assets under management base over the course of the year. This effect is attributable to the fact that much of the growth in assets under management occurred in the second half of 2019. The contribution from non-recurring revenues (CHF 8.5 mn) is predominantly made up of performance fees. To a large extent this reflects the significantly stronger “Alternative Investments and Private Equity” area. Nonetheless, recurring revenues remain the focus of our business model.

Operating profit much higher – healthy cost/income ratio

Personnel expenses, which are the major cost driver of our business model, rose by a substantial 11%, although this rise remains below average in proportion to the increase in assets under management and operating revenues. In addition to the increase in performance-based compensation, the rise in personnel expenses was primarily driven by the ongoing expansion of our talent pool in all areas and in various locations. By contrast, other operating expenses rose by just 3%. This is attributed to rigorous cost controls and a reduction in lease-related expenses due to the new IFRS 16 standard, under which leased property is classified as a right-of-use asset subject to depreciation and amortization.

Due to the well below-average increase in total operating expenses of 3% to CHF 64.1 mn, this ultimately resulted in a significant rise in operating profit by 31% to CHF 39.8 mn. The cost/income ratio based on the operating result amounted to a healthy 62% (previous year: 67%), with further downward potential to be exploited thanks to the high scalability of our business model.

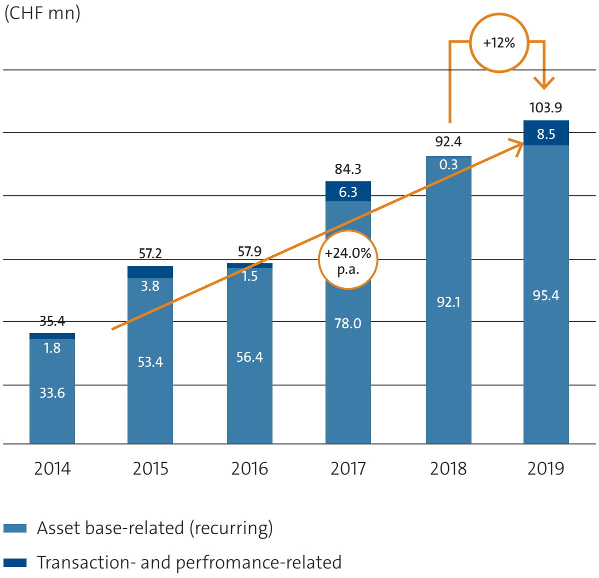
Consolidated Group net profit for 2019 – incorporation of result from discontinued operations

Due to one-off write-downs and impairment losses on goodwill and illiquid treasury positions of CHF 10.9 mn in total, profit after taxes in the continuing asset management business amounted to CHF 16.9 mn. Bank am Bellevue reported a CHF 4.4 mn rise in operating revenues in 2019, above all due to a special dividend from the SIX stake and a positive trading result. The sale of the Bank entailed one-off restructuring costs and impairment losses on the one hand, whereas loss carryforwards were offset against tax on the other, which ultimately resulted in a post-tax loss of CHF 5.4 mn. The consolidated Group profit after taxes of Bellevue Group amounted to CHF 11.4 mn in 2019.

	1.1.–31.12.2019	**1.1.–31.12.2018**	**Veränderung**
Operating profit from continuing operations	**39 844**	**30 364**	**9 480**
Income from other financial instruments at fair value	–2 576	4 727	–7 303
Depreciation and amortization	–5 196	–5 373	177
Valuation adjustments and provisions	–7 392	–	–7 392
Taxes	–7 808	–3 755	–4 053
Group net profit from continuing operations	**16 872**	**25 963**	**–9 091**
Operating income	9 982	5 588	4 394
thereof result from trading activities	530	–1 001	1 531
thereof income from participations (SIX Group AG)	4 756	1 556	3 200
Operating expenses	–10 131	–11 561	1 430
Valuation adjustments and provisions	–8 199	–	–8 199
Taxes	2 921	–17	2 938
Group net profit from discontinued operations	**–5 427**	**–5 990**	**563**
Group net profit	**11 445**	**19 973**	**–8 528**

OPERATIVE INCOME

(CHF mn)



Source: Bellevue Group, as at December 31, 2019

Attractive value creation for shareholders – capital base remains robust

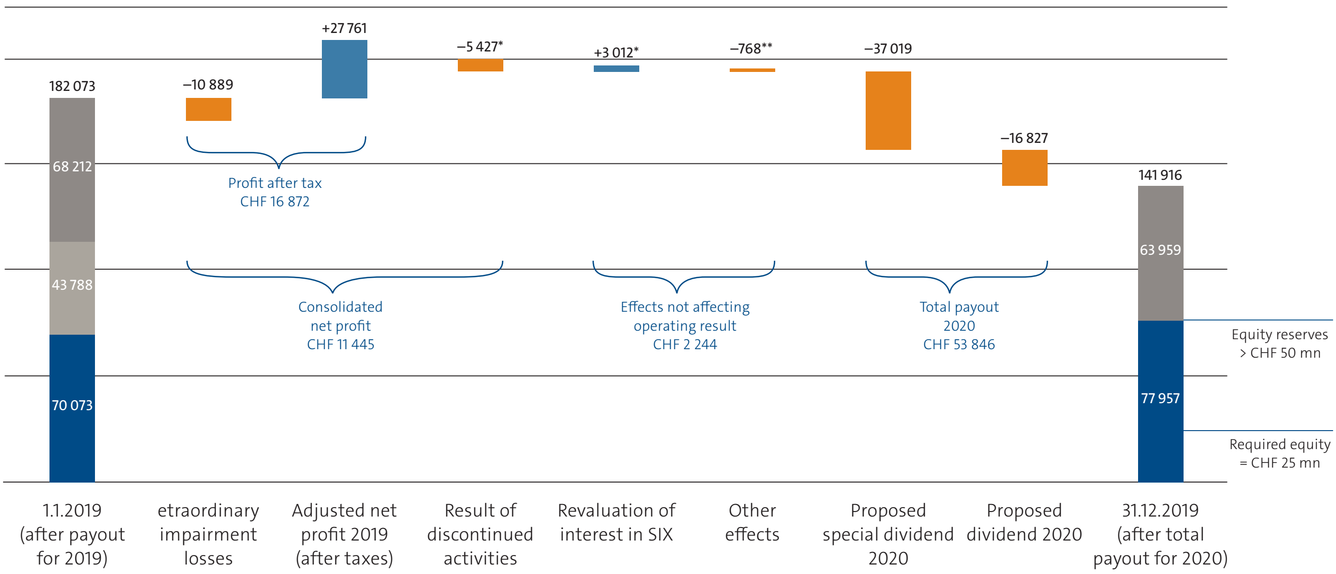
The increase in Bellevue Group's revenue base over the last few years has allowed it to adhere to its shareholder-friendly dividend policy, which creates lasting added value for shareholders. By way of a reaffirmation of this policy an increase in the ordinary dividend by just under 14% to CHF 1.25 is being proposed, which corresponds to a dividend yield of more than 5% and a payout ratio of more than 60% (based on adjusted profit before taxes).

Funds not needed for strategic purposes are being consistently returned to shareholders, which in the current year means the proposal of a special dividend of CHF 2.75 per share. As a result of this special distribution, shareholders' equity declines to CHF 142 mn. This solid capital base, with tangible shareholders' equity of CHF 78 mn, continues to provide a significant degree of financial flexibility for growth initiatives (both organic and inorganic) and – thanks to the disciplined deployment of capital – the return on equity works out at an attractive level of 19.6% (based on adjusted profit before taxes).

Despite new acquisitions, both goodwill and intangible assets were continuously reduced, and the sale of Bank am Bellevue had the effect of decreasing both the complexity of the balance sheet and capital adequacy requirements. The balance sheet for the reporting year is therefore straightforward and debt-free.

EQUITY SNAPSHOT AND ALLOCATION OF DISTRIBUTABLE RESERVES

(CHF 1 000)



* incl. extraordinary. impairment losses of CHF 7.6 mn

** incl. change in treasury shares, revaluation of pension plan liabilities under IAS 19, exchange differences and other items

Source: Bellevue Group, as at December 31, 2019

BELLEVUE FUNDS (LUX)

Dr. Christian Lach
Lead Portfolio Manager
BB Adamant Biotech

BB ADAMANT BIOTECH | ITD +326.8% (I USD) | AUM CHF 47.8 MN

What were the biggest highlights of the past 10 years?

All the medical breakthroughs deserve special mention here. Regulatory approval of the first immune checkpoint inhibitor marked the onset of the era of immuno-oncology. This new drug class revolutionized cancer treatment and is still attracting plenty of attention. No less significant was the discovery of a cure for hepatitis C in the simple form of a combination pill taken once a day. The first cell therapies for cancers heralded yet another major breakthrough towards the end of the decade. Turning the spotlight on our own investment fund, we were pleased to win various awards.

What were the greatest challenges?

The big breakthroughs in medicine are an expression of an increasingly dynamic world. "Just developing" a drug is no longer enough. You also have to make it better than competing products. Not only that, commercializing a drug has become more challenging because consolidation of the health insurance industry has shifted the balance of power and politicians have latched onto healthcare costs and show no signs of letting go. On the investment front, the trend to passive investing has transformed market trading.

Looking ahead to the next 10 years, what do you see?

The revolution in medicine will continue. Gene therapy and gene editing will produce a growing number of treatments that address the underlying mechanisms of disease. New biomarkers will enable even more selective treatments, not to mention advances in early detection and monitoring. New, more effective methods for treating Alzheimer's and Parkinson's could become a reality. Innovation will pay off as before and active investing will be rediscovered.

Bellevue Group and sustainability

Corporate sustainability and transparency

The Bellevue Group commits to sustainable, responsible and values-driven business practices. We regard good business practices as a key factor for our success and as absolutely necessary for achieving our strategic corporate goals and creating sustainable value for the company's primary stakeholders – our clients, employees, and shareholders – as well as for the interested public, the environment, the local community and society at large. We are aware that business activity inevitably has a direct or indirect impact on the environment, society, and governance and that we bear responsibility for this.

True to the core values we embody ("independent", "entrepreneurial", "dedicated"), we uphold a principled frame of reference for our organization and our employees when it comes to ethical, responsible, and sustainable business practices. This ESG policy governs standards and practices in relation to environmental, social, and governance aspects.

Alongside environmental and governance aspects, we play close heed to social issues; after all, as a services company, we create added value for our clients with the input of our employees. Aspects ranging from work culture and employee health to individual responsibility and an entrepreneurial mindset contribute meaningfully to motivation levels and the quality of the services we offer. That being the case, our ESG policy also sets standards in regard to equality and promoting employee health, while embracing principles of employee participation.

Environmental

- **Waste management and recycling**
- **Energy consumption**
- **Transport und mobility**
- **Sourcing process**

Social

- **Employee selection**
- **Work culture**
- **Health**
- **Equality**
- **Employee participation**
- **PC self-governance**
- **Donations and charity work**

Governance

- **Exchange regulated (Corporate Governance Policy)**
- **Independently audited compensation report**
- **Local financial market regulation**
- **Clearly defined and balanced division of power**

Integration of ESG criteria in investment processes and portfolios

At Bellevue, we are increasingly addressing sustainability at the portfolio level as well as at the corporate level. After refocusing exclusively on institutional asset management, Bellevue Group will systematically review all of its investment portfolios for sustainability risks and breaches of elementary human rights (as defined, for example, by UN Global Compact principles) from 2020 onward. Our first step in the ongoing optimization of our investment processes will be to apply standardized ESG measurement criteria both to individual stocks and entire portfolios. The second step will be to integrate risk assessment based on insights from sustainability analysis results into both the stock selection process and the entire portfolio construction process. Our portfolio managers and research analysts will have the support of an independent external sustainability specialist, Sustainalytics, and MSCI ESG Research, who will assist us with their long-standing expertise and extensive data pools.

The signing of the UN Principles for Responsible Investment (UN PRI) by Bellevue Asset Management AG further reinforces our convictions. As an institutional investor, we have always been bound to act in the best long-term interests of our stakeholders. In our role as a fiduciary, we firmly believe that environmental, social, and corporate governance (ESG) topics will come to have even more of an impact on investment portfolio risk/return profiles going forward and hence on their performance. We also acknowledge that applying these basic principles may lead to a better alignment of investor interests with the broader aims and interests of society.

Bellevue Asset Management AG is a signatory of the Eurosif Transparency Code for sustainable responsible investment products and its BB Adamant Sustainable Healthcare (Lux) Fund has been certified with the Austrian Ecolabel for sustainable financial products.

H1 17

Increased customer interaction on sustainability

H2 17

Strategic decision to launch a sustainable investment vehicle

H1 18

Due diligence performed regarding collaboration with external sustainability specialists

June 18

Launch of BB Adamant Sustainable Healthcare Fund

Signatory of Austrian Ecolabel (UZ49) for Sustainable Investment Products

July 19

Signatory of the Eurosif SRI Transparency Code for the BB Adamant Sustainable Healthcare Fund

August 19

Bellevue Asset Management AG becomes a signatory of the UN PRI

H2 19

Selection of a second sustainability partner for better integration of ESG into every investment strategy

H1 20

Group-wide ESG policy passed by Board of Directors

Cooperation with MSCI ESG Research

H2 20

Integration of ESG research into the research and investment process, definition of exclusion criteria

BB Adamant Sustainable Healthcare Fund

World's first investment fund for global healthcare sector managed in accordance with strict sustainability criteria

Sustainability will be a crucial aspect of future healthcare services worldwide. Bellevue Asset Management AG again demonstrated its pioneering spirit by launching the first sustainable healthcare fund, the BB Adamant Sustainable Healthcare Fund, in the summer of 2018. Co-initiated by Austrian pension funds, the proven investment process that has worked so well with Bellevue's global healthcare vehicles was adapted to comply with the strict criteria of the Austrian Ecolabel UZ49. UZ49 is the first and arguably the strictest European standard with measurable targets with regard to best-in-class stock selection and clearly defined exclusion criteria. Compliance is assessed annually by an external certification body. The measurement and monitoring of standardized ESG criteria at both the individual stock and at the portfolio level is carried out in cooperation with Sustainalytics, a leading independent global provider of ESG research and ratings to investors. The portfolio managers of the BB Adamant Sustainable Healthcare Fund discuss sustainability issues concerning individual companies with Sustainalytics analysts on a regular basis. Thanks to our close ties with the management of the companies we invest in, we often raise the topic of sustainability with the company representatives (ESG engagement).

With a performance of 24.3% (I USD shares) in calendar year 2019, the fund beat its benchmark and, shortly after its debut, has already established itself in the top performance half of all healthcare investment funds. Thanks to its unique combination of healthcare investments (working towards the UN's Sustainable Development Goal No. 3) and uncompromising sustainability strategy, the fund has experienced a steady inflow of investor funds.

constraints
no benchmark

Executive Board StarCapital AG: Dr. Manfred Schlumberger, Holger Gachot, Markus Kaiser

StarCapital's activities focus on a holistic view of the financial markets, supported by its in-house capital market research. Our investment specialists manage traditional investment strategies with a defensive character such as global equity and bond funds as well as multi-asset strategies. A diverse family of rule-based strategies rounds out the profile.

Table of content

Information relating to corporate governance

Bellevue Group views good corporate governance as a challenge that must be met and an essential precondition for achieving strategic company goals and for creating sustainable value for the company's shareholder and tall other stakeholders. Bellevue Group is committed to open and consistant information policies and procedures.

As a listed company, Bellevue Group repots annually on matters relating to corporate governance in accordance with the Directive on Information rlating to Corporate Governance (DCG). A compensation report that is audited by independent auditors provides information on compensation paid to members of the Board of Directors and the Grhoup Executive Board. The five-member Board of Directors is an international and inerdecoplinary body of experts with profound knowledge in various subjects.

A clearly defined, balanced separation of roles and responsibilities between the Board of Directors and the Group Executive Board is an important element of corporate governance. All courtry-specific legal requirments are adhered to.

Law and regulations

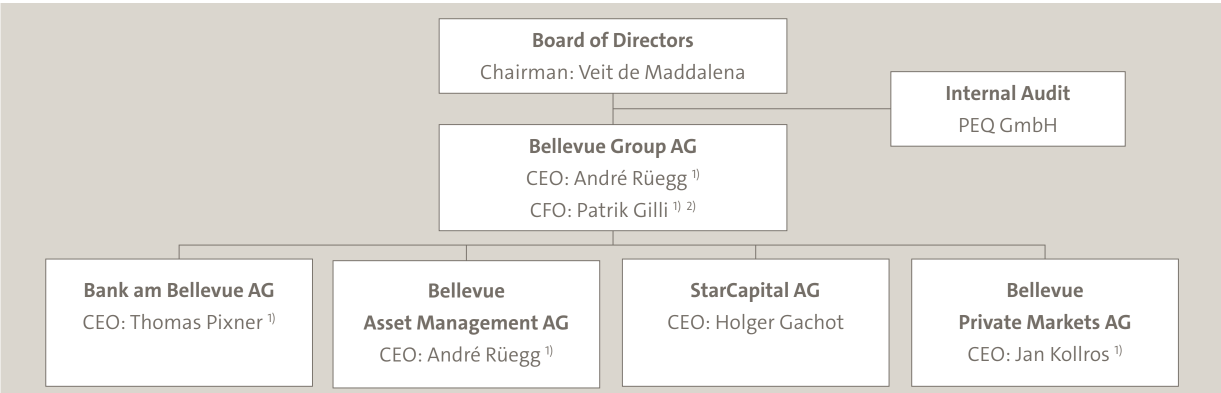
Bellevue Group is governed by Swiss law, specifically the laws on banking, shareholding and the stock market, and the regulations of the Swiss stock exchange (SIX Swiss Exchange).

The SIX Swiss Exchange AG issued a "Directive on Information relating to Corporate Governance", which entered into effect on 1 July 2002. The following information meets the requirements of this directive (in the current version of 1 May 2018) and takes account of the SIX commentary last updated on 10 April 2017. If information required by this directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the notes is given.

This report also contains the necessary details pursuant to the Ordinance against Excessive Remunerations in Listed Companies Limited by Shares (VegüV).

Group structure and shareholders

Corporate structure as of 31 December 2019



[1] Member of the Group Executive Board

[2] Patrik Gilli took over the position of CFO of Bellevue Group AG on 16 December 2019 from Michael Hutter, who has taken over this function from Daniel Koller on an ad-interim basis since the beginning of March 2019.

Scope of consolidation

The companies consolidated by Bellevue Group are listed, together with information regarding their domicile and share capital and the interest held by the Group, in the notes to the consolidated financial statements, note 9 "Major subsidiaries" on page 110.

Major shareholders

Based on the notifications received and published by Bellevue Group AG, the following parties hold significant voting rights:

Shareholder or beneficial owner	31.12.2019 Voting rights held	31.12.2019 Number of shares held	31.12.2018 Voting rights held	31.12.2018 Number of shares held
Martin Bisang, Küsnacht	20.43%	2 750 000	20.43%	2 750 000
Jörg Bantleon, München (Deutschland)	11.24%	1 513 181	10.35%	1 392 890
Jürg and Manuela Schäppi, Rapperswil-Jona	9.05%	1 217 799	9.05%	1 217 799

The shareholders Martin Bisang (Küsnacht), as well as Manuela and Jürg Schäppi (Jona) signed a shareholder agreement on 25. October 2018. Martin Bisang will represent the Group and controls 29.48% of the voting rights by December 31st 2019 (31.12.2018: 29.48%).

Disclosure notifications are retrievable from the SIX Swiss Exchange website at:
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Cross-shareholdings

There are no cross-shareholdings between Bellevue Group AG or its subsidiaries and other corporations.

Capital structure

Capital

The companys share capital amounts to CHF 1 346 143, consisting of 13 461 428 fully paid-in registered shares with a par value of CHF 0.10 each. The registered shares (Valor 2 848 210) are listed on the SIX Swiss Exchange.

Bellevue Group AG does not have any participation certificates or non-voting equity certificates outstanding nor has it issued any.

Conditional capital and authorized capital

Information on the Details of conditional and authorized capital is given in note 4.7 on page 87 f.

Capital changes

Information on the composition of capital and the changes of the past three years and on conditional and authorized capital is given in the statement of shareholder's equity on page 61 and in note 4.7 on page 87 f. For information on earlier periods, please refer to the relevant annual reports.

Restriction of the transferability and nominee registrations

The transfer restrictions and the rules regarding nominee registrations are based on Article 5 of the Articles of Association. Statutes: http://www.bellevue.ch/de/investor-relations/corporate-governance/Statuten.pdf

Board of Directors

The Board of Directors of Bellevue Group AG consists of the following persons as per 31 December 2019:

Name	Function	Nationality	Member of Board Committee [1]	First elected	Elected until
Veit de Maddalena [2]	Chairman	CH	CC	2018	2020
Dr. Daniel H. Sigg [2]	Member	CH	ARC [3]	2007	2020
Prof. Dr. Urs Schenker [2]	Member	CH	ARC/CC	2019	2020
Dr. Rupert Hengster [2]	Member	AUT	ARC	2017	2020
Katrin Wehr-Seiter [2]	Member	DE	CC [3]	2019	2020

1) Further information on the committees is given below under "Internal organization"
2) Independent as per FINMA-RS 08/24
3) Chairman
CC: Compensation Committee
ARC: Audit & Risk Committee

The Directors do not exercise any executive functions within Bellevue Group; previous executive responsibilities are disclosed below. None of the members within the administrative board of Bellevue Group had executive funcitons in 2019 concerning the Group or subsidiaries.

The previously serving director, Veit de Maddaelna, was elected as new Chairment of the Board of Directors at the general assembly 19. March 2019. Former board chairman Dr. Thomas von Planta and director Dr. Mirjam Staub-Bisang had decided not to stand for re-election. At the Annual General Meeting 19. March 2019 shareholders approved the elections of Katrin Wehr-Seiter and Urs Schenker to the Board of Directors

The director Dr. Rupert Hengster has anounced that he will not seek re-election at the next annual general meeting.

Veit de Maddalena, born 1967
- Lic. rer. pol. (economics) from the University of Bern and MSc / Masters in Finance from London Business School
- Since 2018 owner of Candor Board Services GmbH in Freienbach
- 2006–2017 Rothschild & Co Group, from 2016 as Executive Vice-Chairman Europe, previously member of Group Management Committee and Head of Wealth Management & Trust Division and CEO of Rothschild Bank AG in Zurich
- 1994–2005 Credit Suisse Group, last serving as CEO Credit Suisse Trust Group AG in Zurich, previously CEO Credit Suisse (Monaco) SAM and various positions as Client Relationship Manager in Switzerland and abroad
- Mandates
  - Chairman of Klosters Madrisa Bergbahnen AG
  - Chairman of Quattro Stelle SICAV AG
  - Chairman of VR Motion AG

Dr. Daniel H. Sigg, born 1956
- Degree in law, University of Zurich (Dr. iur.)
- Since 2006 DHS International Advisors, LLC, Principal (advisor on financial issues)
- 2000–2005 TimesSquare Capital Management Inc., President
- 1997–1999 UBS, Global Head of Institutional Asset Management, Senior Managing Director
- 1990–1997 BEA Associates, CFO
- 1987–1990 Swiss American Securities Inc., Vice President, Head International Trading Department
- 1984–1987 Credit Suisse, Financial Analyst
- Mandates:
  - Member of the Board of Directors of Bellevue Funds (Lux) SICAV, Luxembourg
  - Chairman of Laguna Trustees Ltd., Jersey
  - Member of the Advisory Board of Metropolitan Partners Group, New York

Prof. Dr. Urs Schenker, born 1957
- Prof. Dr. jur. University of Zurich and Harvard (LLM)
- Since 2015 attorney at Wader Wyss AG, Zurich (corporate, financial and capital market law)
- 1985 –2015 attorney at Baker & McKenzie, Zurich (since 1991 partner)
- Mandates
  - Member of the Board of Directors of Capital Dynamics Holding AG
  - Member of the Board of Directors of Geschäftshaus City AG

Dr. Rupert Hengster, born 1958
- Degree in law, University of Salzburg (Dr. iur.); Master in Management, University of Economics and Business of Vienna
- Managing Partner and founding member of Dr. Hengster, Loesch & Kollegen GmbH, Frankfurt
- 2010–2013 Edmond Rothschild Asset Management Germany, Spokesman of the Management
- 2004–2010 Sal. Oppenheim KAG Köln & Luxembourg, Executive Director and Spokesman of the Management
- 1998–2004 WestLB Asset Management KAG Düsseldorf, Executive Director and Spokesman of the Management

Katrin Wehr-Seiter, born 1970
- MBA, INSEAD Business School Fontainebleau, France
- Diplom-Ingenieurin, Mechanical Engineering, Technical University of Chemnitz, Germany
- Since 2012 BIP Investment Partners SA, Managing Director, and since 2017 BIP Captial Partners SA, Partner and Managing Director Luxembourg
- 2010– 2012 Bridgepoint Capital, Independent Advisor/Senior Advisor for mid-size companies and international private-equity companies
- 2000– 2009 Siemens AG, strategy and corporate consultant as well as project leader Germany and US.
- Mandates:
  - Member of the Board of Directors of SES S.A.
  - Member of the Board of Directors and member of the advisory committee of several non-listed companies

Election procedures
All members of the Board are elected individually by the general meeting of shareholders. The Board of Directors constitutes itself. The members of the Board of Directors are elected to a term of one year and may be re-elected. There is no restriction in the number of re-elections.

Statutory rules in relation to the number of permissible activities of the Board of Directors pursuant to Article 12(1)(1) VegüV.
Pursuant to Article 32 of the Articles of Association, the members of the Board of Directors may each execute a maximum of 20 activities, of which a maximum of 5 in listed companies. Excluded from this are activities in legal entities controlled by the company or which control the company. Also excluded from the restrictions are activities in foundations, charitable institutions and employee pension funds; however, these are restricted to a maximum of 10 such activities.

The term activity in the meaning of this provision describes the membership in the supreme managerial and administrative bodies of legal entities which are obliged to register themselves in the commercial register or in a corresponding foreign register. Several activities in legal entities which are under unitary control or under the control of the same beneficial owner are considered to be one activity.

Internal organization

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

The Board of Directors can delegate some of its duties to committees. The standing committees are as follows: Compensation Committee (CC) and Audit & Risk Committee (ARC).

Compensation Committee (CC)
The CC assists the Board of Directors in the definition and implementation of the compensation principles. It is the applicant in regards of the compensation policy for the Board of Directors and the Executive Board. Furthermore, it is responsible for the employment conditions "for senior executives and for the shares and profit sharing plans. It takes position on all compensation related affairs, which are situated in the decision making authority of the Board of Directors. The Compensation Committee meets as often as business requires, at least every six months. The meetings last 45 minutes on average. Four meetings were held during the year under review.

Audit & Risk Committee (ARC)
The ARC examines whether all systems created to monitor compliance with legal and statutory provisions are appropriate and whether they are being applied properly. It reports to the Board of Directors and makes recommendations to the same.

The ARC also monitors and evaluates the integrity of the financial reports, internal controls, the effectiveness of the external auditor and the Internal Audit as well as risk management and compliance, taking into consideration the risk profile of Bellevue Group. It guides and monitors the activities of the Internal Audit, maintains Board level contact with the external auditors and monitors their performance and independence as well as their collaboration with the Internal Audit.

All members of the ARC are independent. The ARC meets for about half a day at least once per quarter. Four meetings were held during the year under review.

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

Definition of powers of authorization

Board of Directors
The Board of Directors is responsible for the ultimate direction of the company and the supervision and oversight of Bellevue Group. It passes and periodically revises company strategy, issues directives and guidelines as necessary and determines Bellevue Group's organizational structure and risk policies. It also receives reports about the existence, appropriateness and effectiveness of the internal control system. It supervises and monitors persons entrusted with executive management duties. The Board of Directors is responsible for appointing and dismissing the CEO. It approves the appointment, promotion, and dismissal of Bellevue Group's senior management. Furthermore, it performs the duties assigned to it by law (Art. 716a CO). The delegation of powers between the Board of Directors, its committees, the CEO and the Group Executive Board is specified in Bellevue Group's regulations. The competencies of the Board of Directors include the purchase and disposal of shareholdings, the establishment of group subsidiaries and regional offices, securing loans, issuing bonds as well as granting credit above certain limits. Investment plans and other decisions having an impact on cash flows must likewise be approved by the Board of Directors above a certain threshold.

Group Executive Board
The Group Executive Board is Bellevue Group's executive body and reports to the Board of Directors. It is responsible for all Group issues that do not expressly fall within the remit of the Board of Directors of Bellevue Group AG or of a Group company according to legislation, the articles of association or the internal rules and regulations. It functions as a committee and all decisions have to be reached by the entire body. It is responsible, in particular, for developing a Group-wide business strategy for presentation to the Board of Directors, implementing the decisions reached by the Board of Directors within the Group, monitoring the execution of these decisions, and managing and supervising Bellevue Group's everyday operations, which must be effected within the scope of the financial plan, annual objectives, annual budget and risk policy and in accordance with the other regulations and instructions issued by the Board of Directors. It is responsible for ensuring compliance with legal and regulatory requirements as well as applicable industry standards.

Its responsibilities also include drawing up and application of the annual budget and defining annual targets for Bellevue Group. The Group Executive Board is responsible for issuing rules and regulations relating to the implementation of the risk policy, i.e. governing the basic aspects of risk responsibility, risk management and risk control. It reports to the Board of Directors and the ARC about the existence, appropriateness and effectiveness of the internal controls and issues corresponding directives as necessary. It is responsible for issuing directives regarding compliance. Its competencies include granting loans in accordance with the powers of authorization defined in the internal rules and regulations as well as entering proprietary trading positions within the defined limits. The Group Executive Board can delegate the permissible limits to the competent divisions and units within Bellevue Group.

Information and control instruments relating to the Group Executive Board

The Board of Directors meets at least four times a year as specified in the internal rules and regulations. The ordinary meetings usually last half a day. The members of the group executive board attend these meetings. The Board of Directors receives monthly reports about the course of business and is periodically informed about risk exposure developments as well as the adherence to legal, regulatory and internal rules and regulations. Its control instruments include the semi-annual reporting requirements, the annual budget process and the internal and external audits.

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

Group Executive Board

The Group Executive Board comprised the following persons as at 31 December 2019:

Name	Function	Nationality
André Rüegg	CEO Bellevue Group AG CEO Bellevue Asset Management AG	CH
Patrik Gilli [1]	CFO Bellevue Group AG CFO Bank am Bellevue AG	CH
Jan Kollros [2]	CEO Bellevue Private Markets AG	CH
Thomas Pixner	CEO Bank am Bellevue AG	CH
Michael Hutter [1]	Member of the Group Executive Board	CH

[1] Daniel Koller (former CFO) left the Bellevue Group at the end of February 2019. His function as CFO and member of the Group Executive Board was taken over ad-interim by Michael Hutter from 1. March 2019 until 15 December 2019. Patrik Gilli has been appointed as new CFO and member of the Group Executive Board as of 16 December 2019.

[2] Jan Kollros is member of the Executive Board since 1. July 2019.

Additional information on the members of the Group Executive Board:

André Rüegg, born 1968
- Business and economics degree, University of Zurich
- Since 2009 with Bellevue Group, Head Sales & Marketing, since 1 January 2012 CEO Bellevue Asset Management AG, since 1 January 2017 in addition CEO Bellevue Group AG and between 22 February 2017 and 28 February 2018 in addition CEO Bank am Bellevue AG ad interim
- 1995–2009 with Julius Bär, Group Member of the Executive Committee Asset Management
- 1993–1995 Arthur Andersen & Co.
- Mandates:
  - Chairman of the Board of Directors, Bellevue Funds (Lux) SICAV

Patrik Gilli, born 1976
- Swiss Certified Accountant, business and economics degree University of Zurich
- Since December 2019 CFO and Member of the Executive Board at Bellevue Group AG
- 2011–2018 CFO Rothschild Trust Group, Zurich
- 2009–2011 Deputy CFO Rothschild Bank, Zurich
- 2003–2009 PriceWaterhouseCoopers, Certified Accountant
- 1999–2003 Financial Controller, Management Support CFO Wealth Management at UBS AG

Jan Kollros, born 1978
- Dipl. Ing. ETH
- Since July 2019 member of the Executive Board of Bellevue Group AG
- Since December 2019 CEO at Bellevue Private Markets AG
- Since 2005 with adbodmer AG and since 2009 Partner and CEO at adbodmer AG
- Mandates (in connection with the function as CEO of adbodmer AG):
  - Evatec AG
  - Lalique Group AG
  - Haas & Company AG
  - Bédat & Co SA/Luxury Concepts SA
  - The Hess Group AG

Thomas Pixner, born 1962
- Business economist KLZ
- Since 2018 CEO and Member of the Executive Board at Bank am Bellevue AG
- 2007–2018 Member of the Executive Committee, Head Private Clients and Head Investments at Rothschild Bank, Zurich
- 2002–2007 Head Private Banking at VP Bank Vaduz
- 1997–2002 Head Private Banking of northern Graubunden at UBS AG, Chur
- 1992–1997 Various functions at Credit Suisse, Chur, among others Head Private Banking

Michael Hutter, born 1971
- Swiss Certified Accountant, Betriebsökonom HWV
- Since March 2019 Member of the Executive Board at Bellevue Group AG
- March 2019 until December 2019 CFO at interim at Bellevue Group AG
- 2008–2019 CFO, COO and CRO at Bellevue Asset Management AG
- 1998–2008 PriceWaterhouseCoopers, Senior Manager Audit

Statutory rules in relation to the number of permissible activities of the Executive Board pursuant to Article 12(1)(1) VegüV.
Pursuant to Article 32 of the Articles of Association, subject to prior approval of the Board of Directors or the Compensation and Nomination Committee, the members of the Executive Board may each execute a maximum of 10 activities, of which a maximum of 2 in listed companies. Excluded from this are activities in legal entities controlled by the company or which control the company. Also excluded from the restrictions are activities in foundations, charitable institutions and employee pension funds; however, these are restricted to a maximum of 10 such activities.

The term activity in the meaning of this provision describes the membership in the supreme managerial and administrative bodies of legal entities which are obliged to register themselves in the commercial register or in a corresponding foreign register. Several activities in legal entities which are under unitary control or under the control of the same beneficial owner are considered to be one activity.

Compensations, shareholdings and loans

Information on compensation, shareholdings and loans can be found in the Compensation Report from page 45.

Participatory rights of shareholders

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

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

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

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

Placing items on the agenda
Shareholders who represent at least two per cent of the share capital may request an item to be added to the agenda. The agenda must be sent in writing at least 50 days before the meeting, including a list of agenda items to be discussed and the shareholder's motions to be voted on.

No resolutions may be adopted regarding motions on agenda items which have not been properly announced. This does not include motions for convening an Extraordinary General Meeting, for the performance of a special audit and for the election of an auditor at the request of a shareholder. Prior notice is not required for the submission of motions in relation to the agenda items or for deliberations not resulting in the adoption of resolutions.

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

Change of control and defense measures

Mandatory public offer ("opting out")
Persons who purchase or acquire Bellevue Group AG shares are not required to issue a public offer as stipulated by Art. 125 FMIA ("opting out").

Change of control clause
Members of the Board of Directors, executive Board members and employees of Bellevue Group are not contractually entitled to any severance payments. Employment contracts of Bellevue Group employees may be terminated within a maximum period of six months.

Statutory auditor

Duration of mandate and term of office of Lead auditor
The Group accounts and the consolidated financial statements of Bellevue Group AG and its subsidiaries are audited by PricewaterhouseCoopers (PwC). The statutory auditor of Bellevue Group AG is elected for a one-year period at the general meeting of shareholders. PwC was elected for the first time for the 1999 fiscal year. The auditor in charge is Daniel Pajer. He has exercised this function since the 2019 fiscal year. The rotation period for this function is seven years.

Fees paid to auditor

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Auditing fees billed by PwC	565	548
Additional fees billed by PwC	459	3

The additional fees in the financial year 2019 are in connection with the sale of Bank am Bellevue.

There is no prescribed catalogue of criteria that has to be consulted when approving these types of additional mandates; the Audit & Risk Committee (ARC) decides on an individual basis whether the issuing of an additional mandate would impact on the auditor’s independence.

Instruments for supervising and monitoring the auditors
The Board of Directors is responsible for the supervision and control of the statutory auditor and the group auditor and it is supported in this function by the Audit & Risk Committee (ARC). The ARC receives and evaluates reports from representatives of the external auditors on a regular basis. It confers regularly with the head auditor about the effectiveness of the internal control systems taking into consideration Bellevue Group’s risk profile. In addition, the ARC reviews the scope of the auditing work, the quality of the work performed and the independence of the external auditors. The external auditors have direct access to the ARC at all times. The external auditors usually attend meetings of the Audit & Risk Committee (ARC) twice a year. The external auditors attended all meetings of the ARC in the reporting year. The internal auditors usually attend meetings of the ARC once or twice a year. In the reporting year, the internal auditors attended all meetings of the ARC.

Information policy

As a company listed on the stock exchange, Bellevue Group AG pursues a consistent and transparent information policy in relation to its shareholders, clients and employees as well as to the financial community and the general public. Its regular reporting activities and venues comprise the publication of the annual and semi-annual reports and letters to shareholders as well as a media conference on the annual results and the general meeting of shareholders. When important events occur, the above-mentioned stakeholders will be concurrently informed by way of press releases. Contact addresses are listed on page 128 of the annual report.

Information to shareholders
24.03.2020: Annual General Meeting
30.07.2020: Reporting Half-Year Results

Additional information regarding Bellevue Group AG for ad hoc publicity can be found at the following websites:

General information for investors
www.bellevue.ch/en/investor-relations/

News Center
www.bellevue.ch/en/investor-relations/newscenter/

Newsletter
www.bellevue.ch/en/investor-relations/newsletter/

Compensation Report 2019

1 General compensation principles

1.1 Principles

This compensation report refers to the 2019 reporting year. It provides information on the compensation system and discloses the compensation paid to the Board of Directors and Executive Board in 2019. The content and scope of the compensation report is based on articles 13–17 of the Ordinance Against Excessive Remunerations in Listed Companies Limited by Shares (VegüV), articles 663c (3) of the Swiss Code of Obligations (OR), the Directive Corporate Governance (DCG) of the SIX Swiss Exchange, and the Swiss code of Best Practice as well as the FINMA circular 2010/1.

The Articles of Association regulate compensation in articles 26–31. The Articles of Association can be downloaded at the following link:
http://www.bellevue.ch/de/investor-relations/corporate-governance/Statuten.pdf

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

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

1.2 Fixed compensation components

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

The fixed compensation components are primarily defined on the basis of the following factors:
i) the scope and tasks of a given function as well as the qualifications required to execute it, and
ii) the experience and performance of the person occupying this function.

The fixed compensation components are reviewed annually on the basis of the above factors and adjusted according to the development of the market and the company's financial strength. Additional sources are included for the review of the marketability and appropriateness. The weighting takes the general compensation principles listed in section 1.1 into account, with discretion.

1.3 Variable compensation components

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

2 Compensation of the Board of Directors and the Executive Board

2.1 Board of Directors

2.1.1 Fixed compensation

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

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

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

2.1.2 Variable compensation

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

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

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

The ratio of fixed compensation to variable compensation (in percent) for the Board of Directors overall is 79% fixed compensation and 21% variable compensation (previous year: 86% fixed compensation and 14% variable compensation).

2.1.3 Attendance fee

No attendance fee is paid out.

2.1.4 Expenses

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

2.1.5 Shares and options

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

2.1.6 Termination benefits

No termination benefits are effective.

2.1.7 Loans, credits, discounts

The following credit facilities were granted:

Person	**31.12.19** **Facility TCHF**	**31.12.19** **Usage TCHF**	**31.12.18** **Facility TCHF**	**31.12.18** **Usage TCHF**
Veit de Maddalena, chairman of the Board of Directors	3 000	1 852	3 000	2 458
Daniel Sigg, member of the Board of Directors	200	21	–	–
Thomas von Planta, chairman of the Board of Directors (until 19.3.2019)	n/a	n/a	1 500	540
Total	**3 200**	**1 873**	**4 500**	**2 998**

The lombard loans were granted until the end of September 2018 at 1.5%, from October 2018 at 1.0%.

Furthermore, there were no loans outstanding to retired members of the Board of Directors that were not granted at normal market conditions.

2.1.8 Consulting services

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

2.2 Executive Board

2.2.1 Fixed compensation

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

2.2.2 Variable compensation

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

In addition, the variable compensation of the members of the Executive Board is part of the total variable salaries, which is determined at the level of the individual operating units for which the respective Executive Board member is responsible and at the level of the entire company. Furthermore, the total variable compensation is aligned with the created added value of each individual operating units for the shareholders.

The assessment of the personal performance of the members of the Executive Board who are responsible for monitoring and control, is not diretly linked to revenue related components and their bonus is determined on a discretionary basis.

Variable compensation is fundamentally structured and paid out as follows:

Position	% share in the reporting year	% share in the previous year
Short-term variable compensation in cash	47%	35%
Short-term variable compensation in blocked shares	19%	13%
Short-term variable compensation in blocked shares with vesting period and clawback right	28%	44%
Other short-term variable compensation	6%	8%
Long-term variable compensation	0%	0%
Total variable compensation	**100%**	**100%**

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

Even though the variable compensation with blocked shares have a long-term character it needs to disclose this as short-term as there are no option programs available on Bellevue Group AG shares.

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

Position	% share in the reporting year	% share in the previous year
Fixed compensation	39%	37%
Variable compensation	61%	63%
Other compensation	0%	0%
Total compensation	**100%**	**100%**

2.2.3 Expenses

Members of the Executive Boad do not receive any lump sum expenses. Only actual incurred expenses are settled.

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

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

In 2018, the Board of Directors approved a voluntary employee stock ownership plan. From this pool, the three members of the Executive Board were each offered 8 000 rights to purchase 8 000 shares of Bellevue Group AG at a reduced price of CHF 18.00 per share. This represented a discount of approximately 25% on the weighted prices of 10 days prior the grant date. All three members of the Executive Board exercised the allotted rights in full. The difference between the market value and the purchase price corresponds to a payment-in-kind.

2.2.5 Termination benefits
No termination benefits are effective nor planned.

2.2.6 Loans, credits, discounts
The following credit facilities were granted:

Person	**31.12.19 Facility TCHF**	**31.12.19 Usage TCHF**	**31.12.18 Facility TCHF**	**31.12.18 Usage TCHF**
André Rüegg, CEO of Bellevue Group AG and CEO of Bellevue Asset Management AG	2 000	1 429	2 000	1 372
Total	**2 000**	**1 429**	**2 000**	**1 372**

The lombard loans were granted until the end of September 2018 at 1.5%, from October 2018 at 1.0%.

No loans to former members of the Executive Board were outstanding that were not granted according to standard terms and conditions.

2.3 Advisory committee
No advisory committee does exist.

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

3.1 Payments made to members of the Board of Directors

CHF	Veit de Maddalena	Daniel Sigg	Rupert Hengster	Urs Schenker	Katrin Wehr-Seiter	Total
1.1.–31.12.2019						
Fixed compensation in cash	215 000	85 000	85 000	85 000	85 000	555 000
Fixed compensation in cash for work in committees	10 000	30 000	15 000	25 000	15 000	95 000
Fixed compensation in cash for work in subsidiaries and associated companies	25 000	34 817	12 500	12 500	12 500	97 317
Subtotal	250 000	149 817	112 500	122 500	112 500	747 317
Social insurance contributions for fixed compensation	–	–	–	8 598	–	8 598
Total fixed compensation	**250 000**	**149 817**	**112 500**	**131 098**	**112 500**	**755 915**
Approved by the 2019 Annual General Meeting						**796 000**
Variable compensation in cash	–	–	–	–	–	–
Variable compensation in blocked shares [1]	40 000	40 000	40 000	40 000	40 000	200 000
Social insurance contributions for variable compensation	3 000	–	–	3 000	–	6 000
Total variable compensation	**43 000**	**40 000**	**40 000**	**43 000**	**40 000**	**206 000**
To be approved at the 2020 Annual General Meeting						**206 000**
Total compensation	**293 000**	**189 817**	**152 500**	**174 098**	**152 500**	**961 915**

[1] From these amounts the costs incurred for employee contributions to the statutory social insurance are settled in cash and not in shares.
[2] The allocation needs to be approved by the Annual General Meeting.

The members of the Board of Directors received for the financial year 2019 a fixed compensation totalling CHF 747 317. In addition, employer contributions to the statutory insurance of CHF 8 598 were paid.

The Board of Directors proposes a variable compensation of CHF 200 000 for the 2019 financial year for approval at the Annual General Meeting, plus employer contribution to the statutory social insurance to a value of CHF 6 000. The payment – subject to approval – will be in shares of Bellevue Group AG at market value. A cash component to cover any employee contributions to the statutory social insurance will be offset. The market value of the shares is calculated based on weighted prices of ten days prior to the date of allocation. The shares will be blocked for 4 years from the day of allocation.

In the financial year 2019 ther 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 Mio.

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

CHF	Thomas von Planta	Daniel Sigg	Mirjam Staub-Bisang	Rupert Hengster	Veit de Maddalena	Total
1.1.–31.12.2018						
Fixed compensation in cash	215 000	85 000	85 000	85 000	85 000	555 000
Fixed compensation in cash for work in committees	10 000	30 000	15 000	15 000	15 000	85 000
Fixed compensation in cash for work in subsidiaries and associated companies	25 000	34 928	25 000	12 500	12 500	109 928
Fixed compensation in shares as indemnification for valuable claims against the previous employer	–	–	–	–	536 000	536 000
Subtotal	250 000	149 928	125 000	112 500	648 500	1 285 928
Social insurance contributions for fixed compensation	16 932	–	1 981	–	27 700	46 613
Total fixed compensation	**266 932**	**149 928**	**126 981**	**112 500**	**676 200**	**1 332 541**
Approved by the 2018 Annual General Meeting						**1 367 500**
Variable compensation in cash	–	–	–	–	–	–
Variable compensation in blocked shares [1)]	40 000	40 000	40 000	40 000	40 000	200 000
Social insurance contributions for variable compensation	3 000	–	3 000	3 000	3 000	12 000
Total variable compensation	**43 000**	**40 000**	**43 000**	**43 000**	**43 000**	**212 000**
Approved at the 2019 Annual General Meeting						**212 000**
Actually paid						**210 229**
Honoraria for consulting services	**–**	**–**	**–**	**–**	**–**	**–**
Approved at the 2019 Annual General Meeting						**–**
Total compensation	**309 932**	**189 928**	**169 981**	**155 500**	**719 200**	**1 544 541**

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

The members of the Board of Directors received fixed compensation totalling CHF 1 285 928 for the 2018 financial year. In addition, employer contributions to the statutory insurance of CHF 46 613 were paid.

The Board of Directors proposed a variable compensation of CHF 200 000 for the 2017 financial year for approval by the Annual General Meeting, plus employer contributions to statutory social insurance to a value of CHF 12 000. The payment – subject to approval – was in shares of Bellevue Group AG at market value. A cash component to cover any employee contributions to statutory social insurance was offset. The market value of the shares was calculated based on weighted average prices of 10 days prior to the relevant date of allocation. The shares were blocked for four years from the day of allocation.

No compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors

3.2 Compensation of the Executive Board

	of which the highest compensation is paid to André Rüegg [1]	Total
1.1.–31.12.2019		
Fixed compensation in cash [2]	350 000	1 202 500
Social insurance contributions for the fixed compensation in cash [3]	92 550	299 862
Total fixed compensation in cash	**442 550**	**1 502 362**
Approved by the 2019 Annual General Meeting		**1 365 000**
Short-term variable compensation in cash	640 000	1 017 500
Social insurance contributions for the short-term variable compensation in cash [4]	46 000	77 000
Total short-term variable compensation in cash	**686 000**	**1 094 500**
Short-term variable compensation in blocked shares [5]	100 000	400 000
Social insurance contributions for the short-term variable compensation in blocked shares [4]	7 000	28 000
Total short-term variable compensation in blocked shares	**107 000**	**428 000**
Short-term variable compensation in blocked shares with vesting period and clawback right [5] [6]	540 000	600 000
Social insurance contributions for the short-term variable compensation in blocked shares with vesting period and clawback right [4]	38 000	43 000
Total short-term variable compensation in blocked shares with vesting period and clawback right	**578 000**	**643 000**
Other short-term variable compensation [7]	139 000	139 000
Social insurance contributions for other short-term variable compensation [4]	10 000	10 000
Total other short-term variable compensation	**149 000**	**149 000**
Total short-term variable compensation (excl. social insurance contributions)	1 419 000	2 156 500
Total social insurance contributions for short-term variable compensation [4]	101 000	158 000
Total short-term variable compensation	**1 520 000**	**2 314 500**
To be approved at the 2020 Annual General Meeting		**2 314 500**
Long-term variable compensation	–	–
Social insurance contributions for long-term variable compensation	–	–
Total long-term variable compensation	**–**	**–**
Approved by the 2019 Annual General Meeting		**–**
Total compensation	**1 962 550**	**3 816 862**

1) André Rüegg is CEO of Bellevue Group AG and Bellevue Asset Management AG.
2) Daniel Koller (former CFO) left the Bellevue Group at the end of February 2019. His function as CFO and member of the Group Executive Board was taken over ad-interim by Michael Hutter from 1. March 2019 until 15 December 2019. Patrik Gilli has been appointed as new CFO and member of the Group Executive Board as of 16 December 2019. Jan Kollros was also appointed as a member of the Group Executive Board in July 2019.
3) The social insurance contributions contain the employer contribution to statutory social insurance, the employer contribution to the company's pension insurance plan and employer contributions to health and accident insurance calculated on the basis of the amounts shown.
4) For variable remuneration not yet paid, a prospective rate of 7% for employer contributions to statutory social insurance is calculated and rounded up. The contributions actually invoiced (in the following year) may be lower.
5) From these amounts, the respective costs of employer contributions to statutory social insurance were settled in cash and not in shares.
6) The shares are subject to a one-year service period and a one-year claw-back right.
7) Effective vested benefits in shares of BB Biotech SA, valued at 10-day VWAP at grant date (January 27, 2020)

The members of the Executive Board received a fixed compensation totalling CHF 1 202 500 for the 2019 financial year (in addition social insurance contributions).

In July 2019 Mr Jan Kollros and in December 2019 Mr Patrik Gilli were appointed as members of the Executive Board.

Art. 29 para. 1 and 3 of the Articles of Association provide as follows:
If new members of the Executive Board are appointed after the Annual General Meeting has approved the maximum total amount of the fixed remuneration of the Executive Board, these new members are only eligible to a fixed remuneration of a maximum of 50% of the total amout of the fixed remunartion of the Executive Board approved by the Annual General Meeting (additional amount).

This additional amount may only be used to the extent that the maximum amount approved by the Annual General Meeting of the fixed remuneration of the Executive Board for the financial year in not sufficient for the remuneration of the new members. The Annual General Meeting will not vote on the additional amount used.

With the appointment of the new members of the Executive Board in 2019, the total amount of the fixed remuneration of the Executive Board, which was approved by the Annual General Meetingy, was exceeded. This additional amount was exclusively caused by the new member Jan Kollros and amounts to CHF 137 362, which is within the 50% of the total amount approved by the Annual General Meeting.

The variable compensation is broken down as follows (social insurance contributions to be added):
– CHF 1 017 500 to be paid in cash. This amount needs to be approved by the Annual General Meeting.
– CHF 400 000 to be paid in the form of shares of Bellevue Group AG and blocked for 4 years from the day of allocation. This amount needs be approved by the Annual General Meeting.
– CHF 600 000 also to be paid in the form of shares of Bellevue Group AG and are subject to a one year vesting period (Service Period) and a one-year right of claw back clause (Claw Back Right) from the day of allocation. This amount needs be approved by the Annual General Meeting.
– The rest of the variable compensation consists of an entitlement to BB Biotech AG shares in the amount of CHF 139 000. This amount needs be approved by the Annual General Meeting. The allocation was made subject to the corresponding reservation.

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

The entitlement to shares of BB Biotech AG is measured with respect to market prices (weighted average prices of 10 days prior to allocation). The effective allocation took place on 27 January 2020.

The values in the table above differ in certain respects from the compensation disclosures in Note 5.1 of the consolidated financial statements 2019 of Bellevue Group AG (see page 89), which were prepared in accordance with the International Financial Reporting Standards (IFRS). The deviations relate to the date of valuation of the shares allocated in connection with the bonus and the “Individual Long Term Incentive Programme”, which are subject to a Service Condition. According to IFRS, the value of this condition is calculated over the future vesting period (“service period”) distributed, but is shown in full in this report as of the grant date.

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

In accordance with Art. 33 Para. 4 of the Articles of Association, CHF 250,000 was paid for the months March to December 2019 as compensation for a one-year non-competition clause to Daniel Koller, former CFO of Bellevue Group AG and member of the Group Executive Board. This compensation was agreed in a termination agreement. Daniel Koller left Bellevue Group on February 28, 2019. In addition, CHF 15 161 (excl. 7.7% VAT) was paid to Daniel Koller for consulting services for a group project.

	of which the highest compensation is paid to: André Rüegg [1]	Total
1.1.–31.12.2018		
Fixed compensation in cash [2]	300 000	1 012 500
Social insurance contributions for the fixed compensation in cash [3]	78 101	252 115
Total fixed compensation in cash	**378 101**	**1 264 615**
Approved by the 2018 Annual General Meeting		**1 272 500**
Short-term variable compensation in cash	497 500	497 500
Short-term variable compensation in cash as indemnification for valuable claims against the previous employer [4]	–	200 000
Social insurance contributions for the short-term variable compensation in cash [5]	36 000	49 000
Total short-term variable compensation in cash	**533 500**	**746 500**
Short-term variable compensation in blocked shares [6]	100 000	100 000
Short-term variable compensation in blocked and discounted shares from participation program [7]	53 000	159 000
Social insurance contributions for the short-term variable compensation in blocked shares [5]	8 500	11 500
Total short-term variable compensation in blocked shares	**161 500**	**270 500**
Short-term variable compensation in blocked shares with vesting period and clawback right [6] [8]	397 500	897 500
Sozialversicherungsbeiträge auf kurzfristige variable Vergütung in gesperrten Aktien vesting period and clawback right [5]	28 000	51 000
Total short-term variable compensation in blocked shares with vesting period and clawback right	**425 500**	**948 500**
Other short-term variable compensation [9]	158 000	158 000
Social insurance contributions for other short-term variable compensation [5]	12 000	12 000
Total other short-term variable compensation	**170 000**	**170 000**
Short-term variable compensation	1 206 000	2 012 000
Social insurance contributions for the short-term variable compensation [5]	84 500	123 500
Total short-term variable compensation	**1 290 500**	**2 135 500**
Approved by the 2019 Annual General Meeting		**2 135 500**
Long-term variable compensation	–	–
Social insurance contributions for the long-term variable compensation	–	–
Total long-term variable compensation	**–**	**–**
Approved by the 2019 Annual General Meeting		**–**
Total other compensation	**–**	**–**
Total compensation	**1 668 601**	**3 400 115**

1) André Rüegg is CEO of Bellevue Group AG and Bellevue Asset Management AG. Until 31 January 2018 he took over the role of interim CEO of Bank am Bellevue AG.
2) Thomas Pixner took over as CEO of Bank am Bellevue AG on 1 February 2018.
3) The social insurance contributions contain the employer contribution to statutory social insurance, the employer contribution to the company's pension insurance plan and employer contributions to health and accident insurance calculated on the basis of the amounts shown.
4) Thomas Pixner, CEO of Bank am Bellevue AG, was paid compensation for valuable claims which have lapsed due to the change of company against the previous employer. The compensation was paid in cash.
5) For variable remuneration not yet paid, a prospective rate of 7% for employer contributions to statutory social insurance is calculated and rounded up. The contributions actually invoiced (in the following year) may be lower.
6) From these amounts, the respective costs of employer contributions to statutory social insurance were settled in cash and not in shares.
7) This is the amount of the monetary benefit.
8) CHF 397'500 of these shares are subject to a one-year service period and a one-year claw-back right. In addition, shares in the amount of CHF 500'000 with a three-year vesting period ("service period") and a three-year claw-back right were already allocated in May 2018 under an individual performance plan. The allocation was subject to approval by the Annual General Meeting.
9) Effective vested benefits in shares of BB Biotech SA, valued at 10-day VWAP at grant date (January 24, 2019)

The members of the Executive Board received a fixed compensation totalling CHF 1 012 500 for the 2018 financial year. (plus social insurance contributions)

The variable compensation was the following:
- CHF 497 500 were paid in cash.
- CHF 200 000 were paid as short-term variabel compensation in cash as indemnification for valuable claims against the previous employer.
- CHF 100 000 were paid in the form of shares of Bellevue Group AG and blocked for four years from the date of allocation
- Under the BBN Participation Program, CHF 159 000 was granted as short-term variable compensation in the form of non-cash benefit on the purchase of restricted and discounted shares.
- CHF 397 500 also paid in the form of shares of Bellevue Group AG and subject to a one-year vesting period (service period) and a one-year clawback right from the date of allocation.
- CHF 500 000 were allocated in May 2018 as part of an individual performance plan in the form of Bellevue Group AG shares and provided with a three-year vesting period (service period) and a three-year claw back right.
- The rest of the variable compensation consists of an entitlement to BB Biotech AG shares to the value of CHF 158 000.

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

The entitlement to shares of BB Biotech AG is measured with respect to market prices (weighted average prices of 10 days prior to allocation). The effective allocation took place on 24 January 2019.

The values in the table above differ in certain respects from the compensation disclosures in Note 5.1 of the consolidated financial statements 2019 of Bellevue Group AG (see page 89), which were prepared in accordance with the International Financial Reporting Standards (IFRS). The deviations relate to the date of valuation of the shares allocated in connection with the bonus and the "Individual Long Term Incentive Programme", which are subject to a Service Condition. According to IFRS, the value of this condition is calculated over the future vesting period ("service period") distributed, but is shown in full in this report as of the grant date.

In the year 2018, CHF 220 000 was paid for consulting services to Serge Monnerat, formerly CEO of Bank am Bellevue AG. The services related to the development of research services and the support of an important client event as well as selective consulting services in connection with a comprehensive MIFID II project.

In the year 2018 no compensation was paid to parties related to members of the Executive Board.

4 Compensations to be approved at the Annual General Meeting 2020 for the Board of Directors and Executive Board

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

The Board of Directors did not change the fixed remuneration in relation to the respective functions. The fixed remuneration in cash for work on committees and in subsidiaries was also not changed per mandate.

This results in the following proposals:
- the fixed compensation in cash should not exceed CHF 470 000 (previous year: CHF 555 000);
- the fixed compensation in cash for work on committees should not exceed CHF 95 000 in total (previous year: CHF 95 000)
- the fixed compensation in cash for work in subsidiaries should not exceed CHF 87 500 (previous year: CHF 100 000);

Additional costs of a maximum of CHF 8 500 for the employer contributions to statutory social insurance apply to these amounts.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Board of Directors of CHF 661 000 for the term until the conclusion of the next Annual General Meeting.

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

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

The Board of Directors proposes for approval a maximum amount of variable compensation for the Board of Directors of CHF 206 000 for the financial year 2019.

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

The Board of Directors has reviewed the fixed compensation for the Executive Board. No adjustments were made and the amount of fixed compensation for the current members of the Executive Board will not be changed. For the new member of the Executive Board, a compensation in line with market conditions. In total CHF 1 177 500 of fixed compensation is expected. To the compensation, additional contributions of maximun CHF 311 000 for employer contributions to statutory social insurance, other insurances and for pension fund benefits have been agreed. The proposed amount of fixed compensation for the Executive Board for the 2020 financial year is thus CHF 1 488 500.

The Board of Directors proposes for approval a maximum amount of fixed and long term variable compensation for the Executive Board of CHF 1 488 500 for the financial year 2020.

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

The components and calculation of the variable compensation for the Executive Board is described and disclosed in the sections 2.2.2 and 3.2. Additionally costs up to CHF 158 000 for employer contributions to the statutory social security will be paid.

The Board of Directors proposes for approval a maximum amount of short-term variable compensation for the Executive Board of CHF 2 314 500 for the financial year 2019.

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

We have audited the compensation report of Bellevue Group AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 46 to 53 of the compensation report.

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

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

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

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

Opinion
In our opinion, the compensation report of Bellevue Group AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

pwc PricewaterhouseCoopers AG

Daniel Pajer Audit expert Auditor in charge	Roland Holl Audit expert

Zürich, 2 March 2020

Consolidated financial statements 2019

Consolidated income statement

CHF 1 000	Note	1.1.–31.12.2019	1.1.–31.12.2018	Change
Management fees		95 370	92 064	3 306
Performance fees		6 256	2 449	3 807
Other commission income		1 080	7	1 073
Fee and commission expense		−550	−1 723	1 173
Net fee and commission income		**102 156**	**92 797**	**9 359**
Other finance income	3.1	1 485	−533	2 018
Other ordinary income		303	227	76
Other income		**1 788**	**−306**	**2 094**
Total operating income		**103 944**	**92 491**	**11 453**
Personnel expenses	3.2	−50 989	−45 747	−5 242
Other operating expenses	3.3	−13 111	−16 380	3 269
Total operating expenses		**−64 100**	**−62 127**	**−1 973**
Total operating profit		**39 844**	**30 364**	**9 480**
Income from other financial instruments at fair value		−2 576	4 727	−7 303
Depreciation and amortization	3.4	−5 196	−5 373	177
Valuation adjustments and provisions	3.5	−7 392	–	−7 392
Group profit before tax from continuing operations		**24 680**	**29 718**	**−5 038**
Taxes	3.6	−7 808	−3 755	−4 053
Group net profit from continuing operations		**16 872**	**25 963**	**−9 091**
Group net profit from discontinued operations (net of tax)	7.3	−5 427	−5 990	563
Group net profit		**11 445**	**19 973**	**−8 528**
Undiluted earnings per share from continuing opeartions (in CHF)	3.7	1.26	1.94	−0.68
Undiluted earnings per share from discontinued operations (in CHF)	3.7	−0.41	−0.45	+0.04
Total undiluted earnings per share (in CHF)	**3.7**	**0.85**	**1.49**	**−0.64**
Diluted earnings per share from continuing opeartions (in CHF)	3.7	1.26	1.94	−0.68
Diluted earnings per share from discontinued operations (in CHF)	3.7	−0.41	−0.45	+0.04
Total diluted earnings per share (in CHF)	**3.7**	**0.85**	**1.49**	**−0.64**

In the 2019 financial year, part of the Group will be reported as discontinued operation in accordance with IFRS 5. The prior-year figures in the income statement and in the related notes and appendices have been restated in accordance with IFRS 5. Furthermore, the presentation of the income statement including the prior period has been adjusted to reflect the continuing operations. Details of the discontinued operation are provided in Note 7.3 on page 107 f..

The accompanying notes (see page 64 ff.) are an integral part of the consolidated financial statements

Consolidated statement of comprehensive income

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018	Change
Group net profit in the income statement	**11 445**	**19 973**	**–8 528**
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to net income			
Currency translation adjustments	–1 443	–1 717	+274
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	4 266	22 714	–18 448
Remeasurement of post employment benefit obligations IAS 19	–1 962	–6 270	+4 308
Total comprehensive income	**12 306**	**34 700**	**–22 394**

In the 2019 financial year, part of the Group will be reported as discontinued operation in accordance with IFRS 5. The prior-year figures in the income statement and in the related notes and appendices have been restated in accordance with IFRS 5. Details of the discontinued operation are provided in Note 7.3 on page 107 f.

The accompanying notes (see page 64 ff.) are an integral part of the consolidated financial statements.

Consolidated balance sheet

CHF 1 000	Note	31.12.2019	31.12.2018	Change
Cash		50 418	144 156	−93 738
Due from banks		37 068	46 128	−9 060
Due from customers	4.1	281	62 862	−62 581
Trading portfolio assets	4.2	15 677	33 402	−17 725
Positive replacement values	4.2	30	2 886	−2 856
Other financial assets at fair value	4.2	31 504	29 380	+2 124
Accrued income and prepaid expenses		16 407	10 003	+6 404
Financial investments	4.3	175	53 730	−53 555
Property and equipment	4.4	8 254	1 022	+7 232
Goodwill and other intangible assets	4.6	63 959	68 212	−4 253
Current tax assets	3.6	665	3 233	−2 568
Deferred tax assets	3.6	465	692	−227
Other assets [1]		11 341	11 653	−312
Total assets (without assets classified as held of sale)		**236 244**	**467 359**	**−231 115**
Assets classified as held of sale		153 707	–	+153 707
Total assets		**389 951**	**467 359**	**−77 408**
Due to banks		–	561	−561
Due to customers		366	203 864	−203 498
Leasing liabilities		7 207	–	+7 207
Negative replacement values	4.2	–	2 882	−2 882
Other financial liabilities at fair value	4.2	–	5 226	−5 226
Accrued expenses and other liabilities		45 066	34 774	+10 292
Current tax liabilities		7 612	5 055	+2 557
Deferred tax liabilities	3.6	5 028	15 088	−10 060
Provisions and pension obligations	7.2	–	1 891	−1 891
Other liabilities		1 286	1 137	+149
Total liabilities (without liabilities directly associated with assets held for sale)		**66 565**	**270 478**	**−203 913**
Liabilities directly associated with assets held for sale		127 624	–	+127 624
Total liabilities		**194 189**	**270 478**	**−76 289**
Share capital	4.7	1 346	1 346	+0
Capital reserves		27 340	30 706	−3 366
Unrealized gains and losses recognized in other comprehensive income		−800	45 015	−45 815
Currency translation adjustments		−601	842	−1 443
Retained earnings		170 131	120 665	+49 466
Treasury shares	4.8	−1 654	−1 693	+39
Total shareholders' equity		**195 762**	**196 881**	**−1 119**
Total liabilities and shareholders' equity		**389 951**	**467 359**	**−77 408**

[1] In the period under review, the other assets contain assets related to performance-based variable compensation amounting to CHF 8.0 million (previous year: CHF 8.3 million) and assets from occupational pensions amounting to CHF 0.4 million (previous year: none).

In the 2019 financial year, part of the Group will be reported as discontinued operation in accordance with IFRS 5. The assets and liabilities are recognised as assets and liabilities held for sale as at 31 December 2019. The prior-year figures in the balance sheet and in the related notes and appendices have not been restated in accordance with IFRS 5. Details of the discontinued operation are given in Note 7.3 on page 107 f.

The accompanying notes (see page 64 ff.) are an integral part of the consolidated financial statements.

Statement of shareholders' equity

CHF 1 000	Share capital	Capital reserves	Retained earnings	Gains and losses recognized in other comprehensive income	Currency translation adjustments	Treasury shares	Total
On January 1, 2019	**1 346**	**30 706**	**120 665**	**45 015**	**842**	**–1 693**	**196 881**
Acquisition of own shares	–	–	–	–	–	–9 779	–9 779
Disposal of own shares	–	–	–	–	–	9 818	9 818
Change currency translation adjustments	–	–	–	–	–1 443	–	–1 443
Profit from the sale of own shares	–	–	–137	–	–	–	–137
Employee stock ownership plan	–	–	1 481	–	–	–	1 481
Employee stock ownership plan	–	–	48 119	–48 119	–	–	–
Dividends and other distributions	–	–3 366	–11 442	–	–	–	–14 808
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 IAS 19	–	–	–	–1 962	–	–	–1 962
Profit/loss (result of the period)	–	–	11 445	–	–	–	11 445
On December 31, 2019	**1 346**	**27 340**	**170 131**	**–800**	**–601**	**–1 654**	**195 762**

The share of other comprehensive income attributable to discontinued operations is shown in Note 7.3 on page 107.

CHF 1 000	Share capital	Capital reserves	Retained earnings	Gains and losses recognized in other comprehensive income	Currency translation adjustments	Treasury shares	Total
On January 1, 2018	**1 346**	**45 513**	**100 123**	**28 571**	**2 559**	**–913**	**177 199**
Change in accounting policy (application of IFRS 9 (2014) as at 1.1.2018)	–	–	–25	–	–	–	–25
Acquisition of own shares	–	–	–	–	–	–18 788	–18 788
Disposal of own shares	–	–	–	–	–	18 008	18 008
Change currency translation adjustments	–	–	–	–	–1 717	–	–1 717
Profit from the sale of own shares	–	–	261	–	–	–	261
Employee stock ownership plan	–	–	333	–	–	–	333
Dividends and other distributions	–	–14 807	–	–	–	–	–14 807
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	–	–	–	22 714	–	–	22 714
Remeasurement of post employment benefit obligations IAS 19	–	–	–	–6 270	–	–	–6 270
Profit/loss (result of the period)	–	–	19 973	–	–	–	19 973
On December 31, 2018	**1 346**	**30 706**	**120 665**	**45 015**	**842**	**–1 693**	**196 881**

The accompanying notes (see page 64 ff.) are an integral part of the consolidated financial statements.

Consolidated cash flow statement

	Note	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operating activities			
Group net profit from continuing operations		16 872	25 963
Group net profit from discontinued operations		–5 427	–5 990
Total group profit		**11 445**	**19 973**
Reconciliation to net cash flow from operating activities			
Non-cash positions in Group results:			
Depreciation of fixed assets	4.4	2 681	463
Amortization of intangible assets	4.6	3 516	5 214
Impairment of goodwill	4.6	7 392	–
Change in provisions		7 600	–
Tax expense / benefit		14 953	6 384
Deferred tax expense / benefit		–9 856	–1 575
Change in fair value of financial assets and other financial assets at fair value		2 569	–3 385
Change in other financial liabilities at fair value		118	–3 921
Other non-cash items		1 352	516
Net increase / decrease in operating assets			
Due from banks	4.1	–2 294	16 791
Due from clients	4.1	–22 965	–3 740
Trading positions and replacement values net	4.2	10 982	14 737
Accrued income, prepaid expenses and other assets		–12 582	2 860
Net increase / decrease in liabilities			
Due to banks		–561	–5 586
Due to customers		–88 098	15 255
Financial liabilities designated at fair value	4.2	–	–12 377
Other financial liabilities at fair value		–47	–148
Accrued expenses, deferred income and other liabilities		8 674	–6 136
Taxes paid		–7 858	–4 719
Cash flow from operating activities		**–72 979**	**40 606**
Cash flow from investing activities			
Investment in other financial assets at fair value		–13 898	–4 606
Divestments of other financial assets at fair value		9 156	7 285
Divestments of financial assets at amortized cost		57 902	130
Purchase of property and equipment	4.4	–644	–1 199
Acquisition of intangible assets	4.6	–200	–321
Payments for acquisitions of controlled entities, net of cash		–8 305	–9 266
Net cash flow from investing activities		**44 011**	**–7 977**

	Note	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from financing activities			
Cash distributions / dividends paid		−14 807	−14 807
Leasing payments		−2 132	–
Net movements in treasury shares and derivatives on own shares		−1 961	−780
Net cash flow from investing activities		**−18 900**	**−15 587**
Currency translation effects		–	–
Net increase / decrease in cash and cash equivalents		**−47 868**	**17 042**
Cash at the beginning of the year		**144 156**	**127 114**
Cash at the end of the year		**96 288**	**144 156**
thereof from continuing operations		50 418	13
thereof from discontinued operations	7.3	45 870	144 143
Further information [1]			
Cash received as interest		–	–
Cash paid as interest		221	153
Cash received as dividends on equities		5 535	2 195

[1] These cash flows are allocated to cash flows from operating activities.

In accordance with IFRS 5, the cash flow statement does not differentiate between continuing and discontinued operations. The cash flows of discontinued operations is shown separately in Note 7.3 on page 107.

The Notes to the Consolidated Financial Statements (see page 64 ff.) form an integral part of the Consolidated Financial Statements.

Notes to the consolidated financial statements

1 Accounting principles

1.1 Basis of interpretation

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

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

1.2 New accounting standards used

Bellevue Group applied the following new and revised standards and interpretations for the first time in the 2019 financial year:

1.2.1 IFRS 16 – Leasing

As part of the first-time adoption of IFRS 16 as of 1 January 2019, Bellevue Group recognized rights-of-use asset in the amount of CHF 8.4 million and lease liabilities of CHF 8.4 million. The leased assets consist of right-of-use of real estate and other assets. The depreciation period reflects the remaining contractual term of the right-of use, considering any options whose exercise is sufficiently certain. For the valuation of the lease liability all open payments (fixed and optional) have been taken into account. The transition to IFRS 16 was based on the modified retrospective approach. In accordance with IFRS 16, Bellevue Group has decided not to apply the new requirements ot leases that are of minor value for leased assets or that expire within 12 month of the date of initial application.

Based on the operating lease obligation as of 31 December 2018, the following reconciliation resulted ot the opening balance of leasing liabilities as of 1 January 2019.

CHF 1 000	
Undiscounted open leasing liabilities according to the Annual Report 2018	9 178
Total undiscounted leasing liabilities	–502
thereof leasingcontract with a term below 12 months	–484
Average discount rate of 1–2%	–209
Foreign currency difference	–42
Opening value under IFRS 16	8 425

Therefore, as of 1 January 2019 assets in the amount of CHF 8.4 million for the right-of-use of leasing contracts have been recorded in the balance sheet item “Property and equipment” while leasing liabilities amounting to CHF 8.4 million were recorded in the new balance sheet item “Leasing liabilities”. The application off IFRS 16 according to the modified approach in which the asset’s value in use at the time of initial recognition corresponds to the leasing liability recorded has no effect on Bellevue Group’s equity.

The depreciation of the recorded right-of-use assets is shown in the income statement in the position “Depreciation and amortization”. The interest expenses of the leasing liabilities are recorded in the line item “Other finance income”. In the reporting period further lease contracts with a value of CHF 0.8 million were capitalized and carried as liabiliities. The depreciation of right-of-use assets for the reporting period amounted to CHF 2.1 million; interest expenses and repayments amounted to CHF 0.1 million and CHF 2.1 million respectively. As of 31 December 2019, theresidual value of right-of-use assets amounts to CHF 7.2 million.

1.2.2 IFRIC 23 – Uncertainty over Income Tax Treatments

The interpretation applies primarily to taxable profits (or tax losses), tax bases, unused tax loss carryforwards and tax rates if there is uncertainty about the income tax treatment of these items.

Whether each tax treatment should be assessed individually or whether some tax treatments should be assessed jointly requires a discretionary decision by the board of directors of the company. The basic assumption is that the tax authorities will review the facts and have full knowledge of all relevant information for its assessment. An enterprise considers the likelihood that the relevant tax authority will accept the tax treatment in question. If the enterprise concludes that this is not probable, it should use the most probable amount or the expected value of the tax treatment in determining taxable profit (or tax loss), tax bases, unused tax loss carryforwards or tax rates. The first-time application of IFRIC 23 had no material impact on the consolidated financial statements of Bellevue Group.

1.2.3 Other new standards and interpretations

The following new and revised standards and interpretations had no effect on or did not relate to Bellevue Group when first applied:

IAS 28: Long-term investments in associated companies and joint ventures;
Annual improvements 2015–2017.

1.3 Bank am Bellevue - Presentation as discontinued operation according to IFRS 5

On 20 August 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG. Quintet Private Bank will acquire 100% of the shares of Bank am Bellevue. This transaction has no impact on the remaining business units. Subject to approval by the relevant regulatory authorities, the transaction is expected to close in the first quarter of 2020.

The valuation and presentation of the assets and liabilities as well as the income and expenses of Bank am Bellevue AG are therefore non-current assets held for dale and discontinued operations in accordance with IFRS 5. For further details on the sale of Bank am Bellevue AG, please refer to the comments in Note 7.3. on page 107 f.

The presentation of the income statement, including the definition of subtotals, has been adjusted accordingly to the continuing operations, as no contribution to earnings from the banking business is reflected within these operations. The previous year's figures have been adjusted to the new presentation in accordance with IFRS 5.

1.4 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 and IFRS 7 – Interest Rate Benchmark Reform	01.01.2020
IAS 1/IAS 8 Amendments: Definition materiality	01.01.2020
IAS 1 – Classification of liabilities as current or non-current	01.01.2020
IFRS 3 Amendments: Definition of a business unit	01.01.2020
Conceptual Framework	01.01.2020
IFRS 17 Insurance contracts	01.01.2021

1.5 Important accounting principles

1.5.1 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 over the net assets of one or more businesses. The business combination is accounted for using the acquisition method. This involves recognising the identifiable assets, including previously unrecognised intangible assets and liabilities of the acquired business, at acquisition-date fair value. Any excess of the consideration paid at acquisition-date fair value, over the fair value of identifiable net assets acquired at acquisition date, is recognised as goodwill. Acquisition-related costs are expensed as incurred.

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

1.5.2 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.

Segments
Bellevue Group was previously divided into the two reportable business units "Bank am Bellevue" and "Asset Management". Due to the forthcoming sale of Bank am Bellevue, Bellevue Group will focus exclusively on business activities in the area of asset management.

Since, in the view of the Board of Directors, there is now only one reportable segment due to the discontinuation of the "Bank am Bellevue" division (see Note 7.3.), the corresponding reporting has been shortened or adjusted.

Cash and cash equivalents
Cash and cash equivalents in the cash flow statement include liquid assets (cash, balances in postal checking and giro accounts, or sight deposits at the Swiss National Bank as well as clearing balances at recognized giro regional banks and clearing banks).

Accrual of income
Income received for services provided over a certain period of time is recognized pro rata over the period in which the services are provided. Such services include, for example, asset management and custody fees. Profit- and performance-based income is not recorded until all the relevant profit or performance criteria have been met. Interest income is accrued as earned.

The Group's income consists mainly of asset management fees. Management fees result from the management of collective capital contributions as well as from the management of assets of bank clients. Customers are usually served over a longer period of time. Management fees are charged directly to client assets on a quarterly basis if the Bellevue Group is also responsible for account management. If the asset management for a client is carried out with a third-party bank, the fees are collected via invoicing. The performance-based fees are collected when a contractually defined performance target is achieved. Revenue is not recognised until it is highly probable that it will be received.

1.5.3 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.

Determining the expected credit losses

A financial instrument carried at amortized cost is allocated to Level 1 of the impairment model upon initial recognition. There are currently no financial instruments that have an impaired credit rating at the time of acquisition or issue. If a financial instrument has a significant increase in default risk (risk of non-payment) compared to the date of initial recognition and the external rating, if any exist, is no longer at least investment grade, it is transferred to Level 2. The most important indications for a significant increase in the default risk are a delay in payment and a substantial decline of the rating or debtor-specific (idiosyncratic) factors. In case a delay in payment exceeds 30 days, the financial instrument is always transferred to Level 2. If one ore more events have an adverse effect on the expected future cash flow, the financial instrument is transferred to Level 3. The Bellevue Group considers in all cases a financial instrument to be default and thus Level 3 (credit impaired), if the borrower becomes 90 days overdue for his/her contractual payments.

Lombard loans are generally entered on a secured basis only, with cover consisting of easily realisable securities. The daily management and control of counterparty risks reduce the probability to a minimum that an exposure must be transferred from Level 1 to Level 2 and 3. The expected credit losses in Level 1 of the impairment model correspond to the present value of the expected payment defaults resulting from possible default events within the next twelve months after the balance sheet date (“12-month losses”). The expected credit losses in Level 2 and 3 correspond to the present value of all expected payment defaults over the remaining term of the financial instrument (“total maturity losses”). The change in expected credit losses is reported under the position “(increase) / decrease in credit losses”.

The expected credit losses on financial instruments in Level 1 and 2 are calculated by multiplying the amount outstanding at the time of default (EAD) by the probability of default (PD) and the loss rate in the event of default (LGD). The interest effect is taken into account if material. In the absence of external ratings, the probability of default is determined on the basis of internal empirical values. The value of the collateral is taken into account when calculating the expected credit losses, which is why Lombard loans generally have no expected credit losses.

The expected credit losses on financial instruments in Level 3 are determined on the basis of an individual assessment of the uncovered portion of the loan, taking into acount the collateral at liquidation value.

As a rule, a derecognition takes place when a legal title confirms the completion of the liquidation procedure.

As of 31 December 2019, the ECL impairment model did not have any material impact as (i) the majority of financial assets are measured at fair value through profit or loss and the impairment requirements are not applicable to such instruments; and (ii) the majority of financial assets at amortised cost are current. Consequently, no impairment based on expected credit losses was recorded.

Trading portfolio assets and financial liabilities designated at fair value
Financial assets or financial liabilities held for trading purposes are measured at fair value in “trading portfolio assets” or “trading portfolio liabilities”. As at 31.12.2019 and 31.12.2018 there are no trading portfolio liabilities. Gains and losses on sales and redemptions as well as changes in fair value, interest and dividend income are recognized in “Other finance income”.

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.

Interest is recorded for the corresponding accounting period using the effective interest method and shown under “Other finance income”.

Other financial assets at fair value
Financial instruments that do not qualify for recognition at amortized cost are carried at fair value. The resulting income is recognized under “income from other financial assets at fair value”. If the IFRS 9 criteria are met, a financial instrument can also be assigned to this category and accounted for as such at the time of initial recognition.

Investments at fair value with fair value changes recognized in other comprehensive income
Investments in equity instruments 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 accounted for at fair value and presented in the balance sheet as positive and negative replacement values. No offsetting of positive and negative replacement values is done on the basis of netting agreements. Realized and unrealized gains and losses are recognized in “Other finance income”.

Negative interest rates
Negative interest on assets and negative interest on liabilities are accrued in the period in which it is incurred and is shown in the income statement in “Other finance income”.

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

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

Share-based payments
Bellevue Group maintains various share-based payment plans 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 and other fixed assets. The acquisition or production costs of property and equipment are capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Property and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

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 (softwares), 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
– 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.

Assets under management and net inflows / outflows of new money
Assets with management mandate are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority concerning accounting standards for financial institutions (FINMA-RS 15/1). Assets with management mandate comprise all assets of private, corporate and institutional clients, excluding borrowings, managed or held for investment purposes, as well as assets in self-managed collective investment instruments of Bellevue Group. This basically includes all liabilities with respect to customers, fixed-term and fiduciary deposits, and all valued assets. Assets deposited with third parties are included if they are managed by a group company. Other assets under management are assets that are held solely for custody purposes or the execution of transactions.

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

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

1.6 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 20 August 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG. As Bank am Bellevue AG represents 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 7.3 “Discontinued operations” on page 107 f.

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 6.3 “Fair Value Financial Instruments” on page 96 ff and note 4.3.

For details to the effect of significant changes on the assumptions behind the classification method for level 3 financial intruments refer the notes to the consolidated financial statements on note 6.4 “Level-3-financial instruments” on page 99 ff.

Pension plan

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

Review of goodwill and other intangible assets for impairment

Bellevue Group basically examines the recoverable 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.

2 Risk management and risk control

2.1 Risk evaluation and risk policy

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

2.2 Credit risk

Credit risk concerns the risk of losses should a counterparty fail to honour is contractual obligations. In the case of Bellevue Group, credit risk comprises:

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

Credit lending activities are very limited in scope and credit is granted generally on a collateralized basis (marketable securities). Credit risks are limited by means of approval procedures commensurate with the various management levels as well as by authorization limits, the enforcement of appropriate lending margins and the periodic revaluation of long-term loans. Authorized limits and lending margins are monitored on a daily basis using appropriate instruments and reports. In dealings with professional counterparties (banks, brokers and institutional clients) and when investing in bonds, credit risks are assumed only with counterparties that have high (investment grade) credit standings. Adherence to guidelines on concentration of risk at Group level is monitored by an independent risk control body. New counterparties in securities and forex trading transactions must first be approved by the competent executive boards. The maximum risk of credit default is reported in the corresponding values carried in or off the balance sheet. As per 31 December 2019 and 2018, there are neither past due nor impaired positions. For further information on items that entail credit risks, please refer to the notes to the consolidated financial statements, sections 4.1, 4.2 and 4.3 (pages 81–83), section 6.5 on page 99 and section 7.3 on page 107 f.

2.3 Market risk

Market risks arise through fluctuations in market pricing of interest rates, exchange rates and equities as well as the corresponding volatilities. Market risk management entails the identification, measurement, control and regulation of market risk exposure. This exposure primarily pertains to trading portfolio assets, other financial assets at fair value, financial investments and the balance sheet structure.

Market risks are monitored by 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.

Trading portfolio

Proprietary trading is basically limited to stocks and stock options. All positions in trading portfolios are carried at fair value. Wherever possible, market prices are automatically retrieved and used for valuation purposes. OTC options for which no observable market prices are available are valued using appropriate valuation models. The adequacy of the carrying value of these positions is assured through independent controls. The positions are monitored directly by the executive board and / or independent risk control staff. Average trading portfolio assets (twelve end-month values), including the corresponding derivatives, amounted to CHF 27.1 million (previous year: CHF 38.0 million). Every change in prices is recognized in full in Group profit. A 10% change in fair value with respect to the year-end value would correspond to a +/– TCHF 2 231 (previous year: +/– TCHF 3 340) change in net income and equity. Securities trading is conducted primarily through SIX Group.

Foreign exchange positions result mainly from client transactions. The Group does not engage in commodities trading. A presentation of the balance sheet by currency is given in section 6.1, “Balance sheet by currency”, in the notes to the consolidated financial statements on page 93. The net positions (incl. discontinued operations) are given below:

CHF 1 000	CHF	EUR	USD	Other
Net position on 31.12.2019		**21 024**	**12 712**	**11 235**
10% change in fair value	**+/– 4497**			
Net position on 31.12.2018		13 658	7 190	10 983
10% change in fair value	+/– 3183			

Other financial assets at fair value

This position consists exclusively of units held in a collective investment instrument whose assets are selectively invested by Bellevue Group within the scope of its seed financing strategy. A 10% change in fair value with respect to the year-end value would correspond to a TCHF 3 150 million change in equity (previous year: TCHF 2 938 million), which would be P&L-effective.

Financial investments

The composition of the financial investments is defined and monitored by the respective Executive Boards or by the Group Executive Board. A 10% change in market value, in relation to the end-of-year figure, would result a change of equity of TCHF 18 (previous year: TCHF 5 373) for the financial investment calculated at fair value. Thereof, TCHF 16 (previous year: TCHF 31) would be P&L-effective.

For the period under review a positive change in value in the amount of TCHF 4 266 (net of tax) was recognized in the “other comprehensive income” (previous year: positive change in value in the amount of TCHF 22 714, net of tax).

Balance sheet structure

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

– Bellevue Group is not active in the traditional lending and deposit business.
– Long-term loans at fixed rates are granted only in exceptional cases.

The interest rate risks are measured and monitored using various methods (sensitivity of equity capital, interest rate gap analysis, etc.). Assuming a parallel change in interest rates of 1% at the Group level, the impact on the fair value of equity was less than 2% (previous year: less than 2%) of eligible consolidated equity. Interest rate and currency risks are monitored and measured by independent risk control bodies. No derivative financial instruments are used to manage interest rate risks.

2.4 Liquidity risk and refinancing

The CFO of Bellevue Group is responsible for managing liquidity and financing risks. Financing risks refer to the risk of Bellevue Group or one of its operating units being unable to refinance its current or anticipated obligations on an ongoing basis at acceptable conditions. Liquidity risks refer to the risk of Bellevue Group or one of its operating units being unable to fulfil its payment obligations when due. Whereas financing risks relate to the ability to finance business operations at all times, liquidity risks primarily concern the ability to ensure sufficient liquidity an any point in time.

Bellevue Group manages its liquidity and financing risks on an integrated basis at the consolidated level. Daily liquidity management at individual Group companies is performed by the responsible departments. Financing capacity is assured through suitable diversification of the financing sources and the provision of collateral, thus reducing liquidity risks. Liquidity, especially at Bank am Bellevue but also at other operating units, is monitored on a daily basis and is well above the regulatory requirements as specified by internal rules and external regulations.

Risk management ensure that Bellevue Group always has sufficient liquidity to be able to fulfil 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 manly include risk mitigation measures, the holding of a liquidity buffer comprising highly liquid assets, and a contingency plan to menage 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 assets and liabilities is shown in section 6.2 of the notes to the consolidated financial statements on page 95.

2.5 Operational risk

Operational risks represent the risk of losses resulting from the inadequacy or failure of internal processes, people ans 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-releted 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 operazional risks. As part of the systematic assessments that are performed annualy, 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).

Legal and compliance risks

Legal and compliance risks refer to risks related to legal and regulatory issues, primarily liability and default risks. These risks are minimized when processing orders by requiring standardized master agreements and individual agreements. Risk related to the acceptance of client assets and adherence to due diligence obligations are monitored at the respective operating unit level. When appropriate, external attorneys will be consulted to limit legal risks.

2.6 Capital
The capital base serves primarily to cover inherent business risks. Active management of the capital is therefore key. Capital adequacy is calculated and monitored according to the regulations and ratios defined by the Basel Committee on Banking Supervision in particular, as well as other criteria and is compliant with the statutory capital adequacy requirements prescribed by the Swiss Financial Market Supervisory Authority (FINMA). Capital adequacy requirements specified by external bodies were met without exception in the year under review as in previous years.

Capital management
Capital management is aimed primarily at complying with the regulatory minimum capital requirements and maintaining a solid capital structure in order to ensure the company's financial strength and creditworthiness towards business partners and clients. Other goals are supporting the company's growth and creating added value for shareholders.

Capital management takes into consideration the economic environment and the risk profile of all business activities. Various control options are available to maintain the appropriate capital structure or to adapt it in line with changing requirements, such as a flexible dividend pay-out policy, the repayment of capital or raising various forms of capital (CET1, AT1 and tier 2). During the year under review, there were no significant changes to the objectives, principles of action or processes compared to the previous year.

Regulatory requirements [1)]

The scope of consolidation used for the calculation of capital in the year under review, as in the previous year, was the same as the scope of consolidation used for accounting purposes. Please refer to section 9, “Major subsidiaries”, of the notes to the consolidated financial statements on page 110 for further details. With the exception of the statutory regulations, no restrictions apply that prevent the transfer of funds or equity capital within Bellevue Group.

CHF 1 000	KM1	31.12.2019	31.12.2018
Available capital			
Common Equity Tier 1 (CET1)	1	74 398	66 679
Tier 1	2	74 398	66 679
Total capital	3	74 398	86 384
Risk-weighted assets (RWA)			
Total risk-weighted assets (RWA)	4	445 888	419 865
Minimum capital requirements	**4a**	**35 671**	**33 589**
Risk-based capital ratios as a percentage of RWA			
Common Equity Tier 1 ratio	5	16.69%	15.90%
Tier 1 ratio	6	16.69%	15.90%
Total capital ratio	7	16.69%	20.60%
Additional CET1 buffer requirements as a percentage of RWA			
Capital conservation buffer requirement	8	2.50%	1.90%
Countercyclical buffer requirement	9	–	–
Bank G-SIB and/or D-SIB additional requirements	10	–	–
Total of bank CET1 specific buffer requirements	11	2.50%	1.90%
CET1 available after meeting the bank’s minimum capital requirements	12	8.69%	9.90%
Capital ratios according to appendix 8			
Capital conservation buffer according to CAO, Annex 8	12a	2.50%	2.50%
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a	12b	–	–
CET1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	12c	7.00%	7.00%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	12d	8.50%	8.50%
Total capital target according to CAO, Annex 8 + contercyclical buffer according to CAO, Art. 44 and 44a	12e	10.50%	10.50%
Basel III Leverage Ratio			
Total Basel III leverage ratio exposure measure	13	390 013	468 234
Basel IIII Leverage Ratio	14	19.1%	14.2%

	KM1	4th Quarter 2019	3th Quarter 2019	2nd Quarter 2019	1st Quarter 2019
Liquidity Coverage Ratio (LCR)					
Counters of LCR: total stock of high quality liquid assets in CHF mn	15	101.0	125.1	88.6	125.7
Denominator of LCR: total net cash outflows in CHF mn	16	18.5	20.2	31.8	56.9
Liquidity Coverage Ratio, LCR	17	545.8%	618.8%	278.4%	220.8%

	KM1	4th Quarter 2018	3th Quarter 2018	2nd Quarter 2018	1st Quarter 2018
Liquidity Coverage Ratio (LCR)					
Counters of LCR: total stock of high quality liquid assets in CHF mn	15	141.8	104.8	98.5	103.2
Denominator of LCR: total net cash outflows in CHF mn	16	63.0	57.3	68.8	71.9
Liquidity Coverage Ratio, LCR	17	225.1%	182.8%	143.2%	143.5%

The disclosures for capital adequacy, leverage ratio and liquidity coverage ratio are in accordance with FINMA Circular 16/1. The average LCR of a quarter is defined as ratio of the 3-month average of high-quality liquid assets (numerator) and the 3-month average of net outflows (denominator). For 2019 the liquidity coverage ratio has to exceed 100%. The main factors with a relevant impact on the liquidity coverage ratio are cash holdings as high-quality liquid assets, customer cash accounts as weighted cash outflows.

[1)] unaudited

CHF 1 000	OV1	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RWA	RWA	Minimum capital requirements	Minimum capital requirements
Overview of risk-weighted positions					
Credit risk	1	116 500	103 365	9 320	8 269
Non-counterparty related risks		8 250	1 188	660	95
Market risk	20	121 900	138 600	9 752	11 088
Operational risk [1]	24	199 238	176 713	15 939	14 137
Amounts below the deduction threshold (250% risk-weighted positions)	25	–	–	–	–
Total	**27**	**445 888**	**419 866**	**35 671**	**33 589**

[1] calculated according to the basic indicator approach

	CR1	Gross book values of			
		defaulted positions as at 31.12.2019	not defaulted positions as at 31.12.2019	Value adjustments/depreciation as at 31.12.2019	Net values 31.12.2019
Credit risk: credit quality of assets					
Receivables	1	–	263 633	–	263 633
Debt instrument	2	–	–	–	–
Off-balance-sheet items	3	–	780	–	780
Total	**4**	**–**	**264 413**	**–**	**264 413**

	CR1	Gross book values of			
		defaulted positions as at 31.12.2018	not defaulted positions as at 31.12.2018	Value adjustments/depreciation as at 31.12.2018	Net values 31.12.2018
Credit risk: credit quality of assets					
Receivables	1	–	281 897	–	281 897
Debt instrument	2	–	–	–	–
Off-balance-sheet items	3	–	1 091	–	1 091
Total	**4**	**–**	**282 988**	**–**	**282 988**

	CR3	Unsecured positions/carrying amounts as at 31.12.2019	Positions collateralised by collateral, amount effectively collateralised as at 31.12.2019	Exposures secured by financial guarantees or credit derivatives, effective amount as at 31.12.2019
Credit risk: overall view of risk mitigation techniques				
Receivables (incl. debt intruments)		135 088	6 233	–
Off-balance-sheet items		780	–	–
Total		**135 868**	**6 233**	**–**
of which defaulted		–	–	–

	CR3	Unsecured positions/carrying amounts as at 31.12.2018	Positions collateralised by collateral, amount effectively collateralised as at 31.12.2018	Exposures secured by financial guarantees or credit derivatives, effective amount as at 31.12.2018
Credit risk: overall view of risk mitigation techniques				
Receivables (incl. debt intruments)		108 990	–	–
Off-balance-sheet items		1 091	–	–
Total		**110 081**	**–**	**–**
of which defaulted		–	–	–

CHF 1 000	CR5	0%	10%	20%	35%	50%	75%	100%	150%	Andere	Total credit risk positions according to CCF and CRM
Position category/risk weighting 31.12.2019											
Central governments and central banks	1	3 407	–	–	–	–	–	–	–	–	3 407
Banks and securities dealers	2	19	–	72 701	–	835	–	–	–	–	73 555
Public corporations and multilateral development banks	3	–	–	62	–	557	–	–	–	–	619
Company	4	–	–	–	–	–	–	162	–	–	162
Retail	5	–	–	–	–	–	–	55 695	–	–	55 695
Equities	6	–	–	–	–	–	–	175	–	–	175
Other items	7	96 288	–	–	–	–	–	28 218	–	6 801	131 307
Total	**8**	**99 714**	**–**	**72 763**	**–**	**1 392**	**–**	**84 250**	**–**	**6 801**	**264 920**
Of which receivables secured by mortgages	9	–	–	–	–	–	–	–	–	–	–
Of which overdue receivables	10	–	–	–	–	–	–	–	–	–	–

CHF 1 000	CR5	0%	10%	20%	35%	50%	75%	100%	150%	Andere	Total credit risk positions according to CCF and CRM
Position category/risk weighting 31.12.2018											
Central governments and central banks	1	1 722	–	–	–	–	–	–	–	–	1 722
Banks and securities dealers	2	–	–	68 932	–	3 891	–	–	–	–	72 823
Public corporations and multilateral development banks	3	–	–	65	–	2 867	–	–	–	–	2 932
Company	4	–	–	–	–	–	–	222	–	–	222
Retail	5	–	–	–	–	–	–	38 378	–	–	38 378
Equities	6	–	–	–	–	–	–	330	–	–	330
Other items	7	144 152	–	43	–	–	–	22 321	–	9 951	176 467
Total	**8**	**145 874**	**–**	**69 040**	**–**	**6 758**	**–**	**61 251**	**–**	**9 951**	**292 874**
Of which receivables secured by mortgages	9	–	–	–	–	–	–	–	–	–	–
Of which overdue receivables	10	–	–	–	–	–	–	–	–	–	–

Bellevue Group publishes further information pursuant to FINMA-Circ. 16/1 in a separate disclosure report on www.bellevue.ch (Investor Relations).

3 Details on the consolidated income statement

3.1 Other finance income

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Interest and dividend income	532	558
Interest expenses	–101	–27
Securities trading	1 240	–942
Net foreign exchange income/losses	–186	–122
Total other finance income	**1 485**	**–533**

3.2 Personnel expenses

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Salaries and bonuses	48 248	40 696
Pension cost	–1 620	1 202
Other social benefits	3 694	3 243
Other personnel expenses	667	606
Total Personnel expenses	**50 989**	**45 747**

[1] for further details see note 7.2 (page 104 f.)

3.3 Other operating expenses

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Occupancy expenses [1]	731	2 762
IT, telecommunications and other equipment	3 197	3 161
Travel and representation, PR, advertising	4 070	4 757
Consulting and audit fees	1 820	2 109
Research expenses	2 266	2 191
Other operating expenses	1 027	1 400
Total Other operating expenses	**13 111**	**16 380**

[1] The reduction of occupancy expenses compared with the previous year is attributable to the new IFRS 16 standard on lease accounting as at 1.1.2019. Under IFRS 16 most leasing contracts are capitalized (as right of use under the position “property and equipment”) and carried as liabilities (“leasing liabilities”) and depreciated over the term of the lease. As result, since the introduction of IFRS 16, rental costs are no longer recognized in occupancy expense; instead, they are recognized as the depreciation of rights of use.

3.4 Depreciation and amortization

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Depreciation of property and equipment	284	280
Depreciation of rights of use [1]	1 943	–
Depreciation of intangible fixed assets	2 969	5 093
Total Depreciation and amortization	**5 196**	**5 373**

[1] The reduction of occupancy expenses compared with the previous year is attributable to the new IFRS 16 standard on lease accounting as at 1.1.2019. Under IFRS 16 most leasing contracts are capitalized (as right of use under the position “property and equipment”) and carried as liabilities (“leasing liabilities”) and depreciated over the term of the lease. As result, since the introduction of IFRS 16, rental costs are no longer recognized in occupancy expense; instead, they are recognized as the depreciation of rights of use.

3.5 Valuation adjustments and provisions

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Value adjustment Goodwill (Impairment)	7 392	–
Total Valuation adjustments and provisions	**7 392**	**–**

3.6 Taxes

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Current income taxes	8 295	5 136
Deferred income taxes	–487	–1 381
Total	**7 808**	**3 755**

Pre-tax result	24 680	29 718
Expected rate of income tax [1)]	19%	19%
Expected income tax	4 689	5 646
Reasons for higher/lower amounts:		
Difference between applicable local tax rates and assumed mixed tax rate	650	–1 966
Non-deductible expenses	2 469	75
Total income taxes	**7 808**	**3 755**

1) The expected income tax rate is a mixed tax rate estimated by considering all the different businesses of the Group.

Swiss tax balance	–	2 488
Foreign tax balance	665	745
Total current tax receivable	**665**	**3 233**

Deferred tax		
Intangible assets	2 917	3 361
Actuarial BVG provisions	68	–
Unrealised profits on financial instruments	–	9 612
Other deferred tax liabilities [1)]	2 043	2 115
Total deferred tax liabilities	**5 028**	**15 088**

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).

Actuarial BVG provisions	–	359
Other deferred tax assets	465	333
Total deferred tax assets	**465**	**692**

Expiry of unrecognized loss carryforwards		
In a year to five years	–	3 550
In more than five years	–	12 986
Total	**–**	**16 536**

As of June 30, 2019, Bellevue Group reassessed the realizability of existing tax loss carryforwards and concluded that they could be realized due to a highly probable sale of financial assets. For this reason, deferred taxes of CHF 3.1 million on tax loss carryforwards were capitalized as of June 30, 2019 or realized in the second half of 2019.

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**

CHF 1 000		1.1.–31.12.2018	
Tax effect of other comprehensive income	**Amount before taxes**	**Tax income/ (expense)**	**Amount after taxes**
Currency translation adjustments	–1 717	–	–1 717
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	27 700	–4 986	22 714
Remeasurement of post employment benefit obligations IAS 19	–7 741	1 471	–6 270
Total	**18 242**	**–3 515**	**14 727**

3.7 Earnings per share

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018
Group net profit	11 445	19 972
thereof from continuing operations	16 872	25 962
thereof from discontinued operations	−5 427	−5 990
Weighted average number of issued registered shares	13 461 428	13 461 428
Less weighted average number of treasury shares	−53 025	−69 343
Weighted average number of shares outstanding (undiluted)	13 408 403	13 392 085
Weighted average number of shares outstanding (diluted)	13 408 403	13 392 085
Undiluted earnings per share from continuing opeartions (in CHF)	1.26	1.94
Undiluted earnings per share from discontinued operations (in CHF)	−0.41	−0.45
Total undiluted earnings per share (in CHF)	**0.85**	**1.49**
Diluted earnings per share from continuing opeartions (in CHF)	1.26	1.94
Diluted earnings per share from discontinued operations (in CHF)	−0.41	−0.45
Total diluted earnings per share (in CHF)	**0.85**	**1.49**

4 Details on the consolidated balance sheet

Due to the forthcoming sale of Bank am Bellevue AG, its assets and liabilities will be reported separately as assets and liabilities held for sale in the consolidated balance sheet of Bellevue Group AG as of December 31, 2019 in accordance with the requirements of IFRS 5. The prior-year figures in the following notes to the balance sheet have not been adjusted. For further information please refer to the comments in Note 7.3. on page 107 f.

4.1 Due from banks and clients

	31.12.2019	31.12.2018
Due from banks, by type of collateral		
Unsecured	37 068	46 128
Total	**37 068**	**46 128**
Due from customers, by type of collateral		
Other collateral [1]	–	38 219
Unsecured [2]	281	24 643
Total	**281**	**62 862**

[1] securities only
[2] As of 31 December 2018, these are mainly receivables from SIX SIS AG

4.2 Financial instruments at fair value through profit and loss

CHF 1 000	31.12.2019	31.12.2018
Trading portfolio assets		
Debt instruments (incl. funds)		
Listed	3 904	10 650
Unlisted	–	–
Total	**3 904**	**10 650**
of which Swiss public sector entities	–	–
of which foreign public sector entities	–	–
Equity instruments (incl. funds)		
Listed / active market / quoted market prices	18 413	22 752
Total	**18 413**	**22 752**
Total trading portfolio assets	**22 317**	**33 402**
thereof from continuing operations	15 677	-
thereof from discontinued operations	6 640	-

CHF 1 000	Positive replacement value	Negative replacement value	Contract volume
Open derivative instruments			
Foreign currency as at 31.12.2019			
Forward contracts (OTC) [2]	147	212	22 918
thereof used for economic hedging purposes	30	101	9 611
Currency swaps [1]	178	6	59 663
thereof used for economic hedging purposes	178	6	59 663
Equity investments as at 31.12.2019			
Futures [1]	–	–	5 172
thereof used for economic hedging purposes	–	–	5 172
Options (OTC) [2]	–	–	–
thereof used for economic hedging purposes	–	–	–
Options (exchange traded) [1]	–	–	–
thereof used for economic hedging purposes	–	–	–
Total	**325**	**218**	**87 753**
thereof from continuing operations	30	–	9 708
thereof from discontinued operations	295	218	78 045
Foreign currency as at 31.12.2018			
Forward contracts (OTC) [2]	39	37	12 295
thereof used for economic hedging purposes	39	37	12 295
Currency swaps [1]	6	4	19 909
thereof used for economic hedging purposes	6	4	19 909
Equity investments as at 31.12.2018			
Futures [1]	–	–	5 172
thereof used for economic hedging purposes	–	–	5 172
Options (OTC) [2]	2 841	2 841	24 456
thereof used for economic hedging purposes	–	–	–
Options (exchange traded) [1]	–	–	–
thereof used for economic hedging purposes	–	–	–
Total	**2 886**	**2 882**	**61 832**

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

CHF 1 000	31.12.2019	31.12.2018
Other financial assets at fair value through profit and loss		
Investment funds subject to Luxembourg law	19 250	14 716
Other investment funds	12 254	14 664
Total other financial assets at fair value through profit and loss	**31 504**	**29 380**

No other financial assets at fair value through profit or loss were allocated to the discontinued operation as at 31 December 2019.

CHF 1 000	31.12.2019	31.12.2018
Other financial liabilities at fair value		
Contingent purchase price related to the acquisition of Star Capital AG	–	4 444
Contingent purchase price related to the acquisition of MARS Asset Management GmbH	–	782
Total other financial liabilities at fair value	**–**	**5 226**

No other financial assets at fair value were allocated to the discontinued operation as at 31 December 2019.

4.3 Financial investments

	31.12.2019	31.12.2018
Valued at fair value		
Fair value changes recognized in the income statement		
Debt instruments	159	314
of which unlisted	159	314
Fair value changes recognized in other comprehensive income		
Equity instruments	16	53 416
of which unlisted	16	53 416
Total financial investments	**175**	**53 730**
Total financial investments	**175**	**53 730**
of which repo-eligible securities	–	–

As of 31 December 2019, no financial assets were allocated to the discontinued operations.

In the year under review, equity instruments in the amount of CHF 4.3 million were revalued without affecting the income statement (previous year: CHF 27.7 million revalued without affecting the income statement). In addition, dividends of CHF 4.8 million were received on equity instruments and recognized in the income statement under “Other finance income”. As at 31.12.2019, this income is included in the item “net profit after tax from discontinued operations”. The shares in SIX Goup AG, which were reclassified as “assets held for sale” as at 30 June 2019, were sold in July 2019. The cumulative changes in value of TCHF 48 119 relating to the shares in SIX Group AG were reclassified to retained earnings as of 31.12.2019.

4.4 Property and equipment

CHF 1 000	IT equipment	Right of use	Other fixed assets	Total
Acquisition cost				
Balance as of 01.01.2018	2 275	–	1 389	3 664
Additions	693	–	498	1 191
Disposals	−218	–	−38	−256
Balance as of 31.12.2018	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**
Accumulated depreciation				
Balance as of 01.01.2018	−2 104	–	−1 256	−3 360
Additions	−294	–	−169	−463
Disposals	216	–	38	254
Foreign currency impact	−4	–	−4	−8
Balance as of 31.12.2018	−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**
Net carrying values 31.12.2018	564	–	458	1 022
Net carrying values 31.12.2019	**724**	**7 168**	**362**	**8 254**

4.5 Business combination

On July 19, 2019, Bellevue Group AG acquired 100% of the shares in adbodmer AG, based in Wollerau, Switzerland. As an independent subsidiary of Bellevue Group AG, adbodmer AG will be able to meet the growing demand from wealthy private clients according to entrepreneurial and exclusive direct investments. The goodwill of CHF 5.8 million arising from this acquisition can be allocated primarily to the targeted diversification of income by opening up a highly specialised market niche with great growth potential. It is to be expected that the recorded goodwill will not be possible to amortise for tax purposes.

The following table summarises the purchase price for adbodmer AG and the fair values of the acquired assets and liabilities at the date of acquisition:

CHF 1 000	19.07.2019
Purchase price in cash	6 000
Purchase price in shares of Bellevue Group	2 000
Total consideration transferred	**8 000**
Due from banks	738
Receivables	174
Intangible assets	2 000
Liabilities	−742
Total recognised amounts of identifiable assets acquired and liabilities assumed	**2 170**
Goodwill	**5 830**

The amounts listed above represent the allocation of the purchase price. The acquisition-related costs of TCHF 54 were recorded as operating expenses in the income statement.

The purchase price was paid on 19 July 2019 in Bellevue Group shares (CHF 2.0 million) and cash (CHF 3.0 million). The remaining amount (CHF 3.0 million) will be paid in cash in July 2020 and is reported under “accrued expenses and other liabilities”.

Bellevue Group acquired control of adbodmer AG on July 19, 2019 (acquisition date). As of this date, operating income of CHF 1.0 million and a profit of CHF 0.2 million were recognized in the consolidated income statement.

If adbodmer AG had already been consolidated from January 1, 2019, the consolidated financial statements would show pro-forma operating income of CHF 104.4 million and a profit after tax of CHF 11.5 million.

4.6 Goodwill and other intangible assets

CHF 1 000	31.12.2019	31.12.2018
Goodwill	51 670	54 304
Other intangible assets	12 289	13 908
Total	**63 959**	**68 212**

CHF 1 000	Total
Goodwill	
Acquisition cost	
Balance as of 1.1.2018	104 608
Additions	1 778
thereof changes in the scope of consolidation	1 778
Foreign currency effect	–1 167
Balance as of 31.12.2018	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**
Accumulated valuation adjustments	
Balance as of 1.1.2018	–50 915
Balance as of 31.12.2018	–50 915
Additions	–7 392
Balance as of 31.12.2019	**–58 307**
Net carrying values	
Balance as of 1.1.2018	53 693
Balance as of 31.12.2018	54 304
Balance as of 31.12.2019	**51 670**

The goodwill reported as of 1.1.2018 stems from the acquisition of the 100% stake in Bellevue Asset Management AG by Bellevue Group AG (then: Swissfirst AG) in 2005, the acquisition of the 100% stake in Adamant Biomedical Investments AG ("Adamant") in 2014, and the acquisition of the 100% stake in StarCapital AG in 2016. The additions in fiscal year 2018 stem from the acquisition of the 100% stake in MARS Asset Management GmbH. The additions in the 2019 financial year result from the acquisition of the 100% investment in adbodmer AG. The details of the business combination with adbodmer AG are listed in section 4.5 on page 84.

Bellevue Group basically examines the recoverable value of the goodwill annually, based on the estimated 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 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 serve as the basis for these estimates of projected free cash flows. These cash flows are discounted to present value.

The following key parameters and their single components have been taken into account:
– income on the average assets under management and the expected return on assets (management- and performance fees);
– discount rate.

Impairment tests were conducted again at the end of December of 2019. The discount rate used in these calculations were between 8.9% and 11.5% (previous year: between 8.9% and 10.8%) and the assumed growth rate were between 1% and 2% (previous year: 1%).

A further reduction in the assets under management of StarCapital AG in the 2019 financial year and thus in the expected cash flow surpluses compared with the business plan have led to an adjustment of the estimate of the future earnings achievable by StarCapital AG. As a result, the goodwill for StarCapital AG had to be adjusted by CHF 7.4 million as of December 31, 2019. This amount corresponds to the amount by which the carrying amount exceeds the recoverable amount. Assuming that the growth rates of expected cash inflows used (which depend primarily on the return on average assets under management and expected investment returns) were 20% lower or the discount rate used 10% higher, this could lead to an additional impairment of goodwill of CHF 2.6 million and CHF 3.5 million respectively. The goodwill allocated to the cash-generating unit StarCapital AG amounts to CHF 22.0 million as of December 31, 2019. The remaining goodwill (CHF 29.7 million) is attributable to the cash-generating units Bellevue Asset Management AG and adbodmer AG.

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

At the time of preparation of the 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 1.1.2018	46 943	385	200	47 528
Additions	1 117	–	321	1 438
thereof changes in the scope of consolidation	1 117	–	–	1 117
Foreign currency effect	−490	−6	–	−496
Balance as of 31.12.2018	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**
Accumulated valuation adjustments				
Balance as of 1.1.2018	−29 198	−150	–	−29 348
Additions	−4 963	−77	−174	−5 214
thereof due to impairment	−2 701	–	–	−2 701
Write-offs	–	–	–	–
Balance as of 31.12.2018	−34 161	−227	−174	−34 562
Additions	−2 894	−75	–	−2 969
thereof due to impairment	−949	–	–	−949
Additions from discontinued operations	–	–	−547	−547
Write-offs	–	–	721	721
Balance as of 31.12.2019	**−37 055**	**−302**	**–**	**−37 357**
Net carrying values				
Balance as of 1.1.2018	17 745	235	200	18 180
Balance as of 31.12.2018	13 409	152	347	13 908
Balance as of 31.12.2019	**12 216**	**73**	**–**	**12 289**

The intangible assets for “Brand” and “Client base” as per 1.1.2018 stem from the acquisition of the Bellevue Asset Management AG by Bellevue Group AG (formerly Swissfirst AG) in 2005, from the acquisition of the 100% interest in Adamant Biomedical Investments AG in 2014, which merged with Bellevue Asset Management AG in 2015 and, the aquisition of StarCapital AG in 2016. The additions in the 2018 financial year stem from the acquisition of a 100% stake in MARS Asset Management GmbH, which merged with StarCapital AG in 2018. The additions in the 2019 financial year stem from the acquisition of a 100% stake in adbodmer AG. The details of the business combination with adbodmer AG are listed in section 4.5 on page 84. They are amortised over a period of 5 to 15 years and included in the impairment test described under “Goodwill” (see above). As of 31.12.2019, Bellevue Group did not identify any additional impairment (as of 30.6.2019, the review of the residual values of the customer base StarCapital AG/MARS Asset Management GmbH resulted in an additional impairment of CHF 0.9 million).

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

2020	2 008
2021	1 967
2022	1 953
2023	1 953
2024	1 798
2025	1 331
2026	701
2027	252
2028	226
2029	100
Total	**12 289**

4.7 Share capital / Conditional capital / Authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2018	13 461 428	1 346
Balance as of 31.12.2018	13 461 428	1 346
Balance as of 31.12.2019	**13 461 428**	**1 346**
Conditional capital		
Balance as of 1.1.2018	1 000 000	100
Balance as of 31.12.2018	1 000 000	100
Balance as of 31.12.2019	**1 000 000**	**100**

The intended purpose (in total) is as follows::
– a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;
– a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

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

	Number of shares	Par value CHF 1 000
Authorized capital		
Balance as of 1.1.2018	1 508 572	151
Balance as of 31.12.2018	2 500 000	250
Balance as of 31.12.2019	**2 500 000**	**250**

At the Annual General Meeting held on 20 March 2018, it was resolved to replace the existing authorised capital with new authorised capital in a higher amount and for a restricted purpose. For the purposes of financing acquisitions of companies by share swaps or for financing or refinancing the acquisition of companies, parts of companies or shareholdings, the Board of Directors was authorised to increase the share capital, at any time, by a maximum amount of CHF 250 000 until 20 March 2020 by issuing no more than 2 500 000 fully paid registered shares with a nominal value of CHF 0.10 per share. The increases may be underwritten, including by transfer or subscription by Bank am Bellevue AG, or they may be effected in partial amounts. The issue price, the time of dividend entitlement and the type of contribution will be determined by the Board of Directors. After their acquisition, the newly issued registered shares will be subject to the transfer limitations pursuant to Article 5 of the Articles of Association.

The statutes can be viewed on the following Internet address:
http://www.bellevue.ch/de/investor-relations/corporate-governance/Statuten.pdf

The Board of Directors is entitled to exclude shareholders' subscription rights and allocate them to third parties. Shares with subscription rights that have been granted but not exercised are to be placed at market conditions or otherwise in the interest of the company.

4.8 Treasury shares

	Number	CHF 1 000
Balance as of 1.1.2018	43 738	913
Purchases	783 106	18 788
Disposals	–744 439	–18 008
Balance as of 31.12.2018	82 405	1 693
Purchases	455 826	9 851
Disposals	–468 231	–9 890
Balance as of 31.12.2019	**70 000**	**1 654**

4.9 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	**31.12.2019**		**31.12.2018**	
	Carring amount	Actual liability	Carring amount	Actual liability
Due from banks	1 086	–	14 054	–
Due from customers	–	–	2 721	–
Other assets	8	–	–	–
Total	**1 094**	**–**	**16 775**	**–**

The "due from banks" are in the previous year essentially cash collaterals with SIX x-Clear AG. These are used to secure the trades on the SIX.

All "due from customers" are in the previous year essentially cash collaterals deposited at SIX SIS AG.

5 Transactions with related parties

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

CHF	Fixed compensation paid in cash	Variable compensation paid in cash	Variable compensation paid in shares	Other compensation	Total
Compensation paid to members of the Board of Directors					
Veit de Maddalena, Chairman	250 000	–	43 000	–	293 000
Daniel Sigg, Member	149 817	–	40 000	–	189 817
Rupert Hengster, Member	112 500	–	40 000	–	152 500
Urs Schenker, Member	131 098	–	43 000	–	174 098
Katrin Wehr-Seiter, Member	112 500	–	40 000	–	152 500
Total 01.01.–31.12.2019	**755 915**	**–**	**206 000**	**–**	**961 915**

The listed amounts for the fixed and variable compensation each contain any employer contributions to statutory social insurance.

In the financial year 2019 ther 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 Mio.

In the financial year 2019, no compensation was paid to former members of the Board of Directors.

CHF	Fixe Vergütung in bar	Variable Vergütung in bar	Variable Vergütung in Aktien	Übrige Vergütungen	Total
Thomas von Planta, Präsident	266 932	–	43 000	–	309 932
Daniel Sigg, Mitglied	149 928	–	40 000	–	189 928
Mirjam Staub-Bisang, Mitglied	126 981	–	43 000	–	169 981
Rupert Hengster, Mitglied	112 500	–	43 000	–	155 500
Veit de Maddalena, Mitglied	112 500	–	43 000	563 700	719 200
Total 01.01.–31.12.2018	**768 841**	**–**	**212 000**	**563 700**	**1 544 541**

The listed amounts for the fixed and variable compensation each contain any employer contributions to statutory social insurance.

In the previous year, no compensation was paid to parties related to members of the Board of Directros or to former members of the Board of Directors.

CHF	Fixed compensation paid in cash	Variable compensation paid in cash	Variable compensation paid in shares	Short-term variable compensation in blocked shares with vesting period and clawback right	Share-based payments from LTI's	Ohter payments from LTI's	Other compensation	Total
Compensation paid to members of the Executive Board								
Total 01.01.–31.12.2019	**1 502 362**	**1 094 500**	**428 000**	**580 333**	**100 692**	**–**	**–**	**3 705 887**
Total 01.01.–31.12.2018	**1 264 615**	**746 500**	**270 500**	**1 079 024**	**59 072**	**142 666**	**–**	**3 562 377**

The listed amounts for the fixed and variable compensation each contain any employer contributions to statutory social insurance.

For the months March to December 2019, CHF 250 000 was paid to Daniel Koller, former CFO of Bellevue Group AG and member of Group Management, in accordance with Art. 33 para. 4 of the Articles of Association, as compensation for a one-year non-competition clause. This compensation was regulated in a termination agreement. Daniel Koller left Bellevue Group on 28 February 2019. In addition, CHF 15 161 (excl. 7.7% VAT) was paid to Daniel Koller for consulting services for a Group project.

As in the previous year, no compensation was paid to related parties of the members of the Executive Board.

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

Share- and option-holdings of members of the Board of Directors	31.12.2019		31.12.2018	
	Number of Shares	Call-Options [1]	Number of Shares	Call-Options [1]
Veit de Maddalena, Chairman	287 066	–	263 685	–
Daniel Sigg, Member	37 917	–	32 880	–
Rupert Hengster, Member	3 583	–	1 735	–
Urs Schenker, Member	–	–	n/a	n/a
Kathrin Wehr-Seiter, Member	–	–	n/a	n/a
Thomas von Planta, Chairman (until 19.03.2019)	n/a	n/a	62 559	–
Mirjam Staub-Bisang, Member (until 19.03.2019)	n/a	n/a	6 396	–

[1] Number of shares in case of exercise, considering subscription ratio.

The previous member of the Board of Directors, Veit de Maddalena, was elected as the new Chairman at the Annual General Meeting on 19 March 2019. The current Chairman, Dr Thomas von Planta, and the current member, Dr Mirjam Staub-Bisang, did not stand for re-election. Katrin Wehr-Seiter and Prof. Dr. Urs Schenker were elected as new members of the Board of Directors at the Annual General Meeting on 19 March 2019.

Share- and option-holdings of members of the Group Executive Board	31.12.2019		31.12.2018	
	Number of Shares	Call-Options [1]	Number of Shares	Call-Options [1]
André Rüegg, CEO and CEO Bellevue Asset Management AG	280 600	–	251 225	–
Thomas Pixner CEO Bank am Bellevue AG	19 170	–	27 770	–
Jan Kollros, CEO adbodmer AG	46 774	–	n/a	n/a
Patrik Gilli, CFO and CFO Bank am Bellevue AG	4 704	–	n/a	n/a
Michael Hutter, member of the Group Executive Board	76 837	–	n/a	n/a
Daniel Koller, CFO until 28.02.2019	n/a	n/a	82 942	–

[1] Number of shares in case of exercise, considering subscription ratio.

5.3 Transactions with related companies and persons

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

CHF 1 000	Key management personnel [1]	Major shareholders [2]	Associated companies	Other related companies and persons [3]	Total
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
2018					
Due from customers	4 515	–	–	–	4 515
Due to customers	151	40 030	–	–	40 181
Interest income	34	3	–	–	37
Fee and commission income	22	718	–	–	740

[1] Key management personnel: Board of Directors and Group Executive Board (excluding major shareholders)
[2] Major shareholders: see Corporate Governance, section Group structure and shareholders, page 34
[3] Other closely related companies and persons: This includes all other natural persons and legal entities that have close personal, economic, legal or de facto ties with members of the Board of Directors or the Group Executive Board.

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

Employees, members of the Board of Directors and the Executive Board benefit from preferential terms customary in the banking industry. Transactions for all other related parties are executed at terms equivalent to those available to third parties. Transactions may include, for example, loans, interest on deposits and securities transactions.

5.4 Employee share purchase plan

The compensation for employees of Bellevue Group (excluding Portfolio Managers of Asset Management, see below) consists of a fixed compensation and an annually redefined variable compensation with the character of a single payment (the following amounts do not include any social security benefits).

The total amount of variable compensation is determined at the operating company levels. In order to do this, the adjusted results take into account the proportionate costs of the Group and the interest on the allocated capital. On the contrary, amortization of intangible assets, the costs of taxes and any other non-controllable influence are eliminated. The adjusted earnings are subsequently associated with a certain percentage to the available bonus pool for variable compensation.

The calculated pool for the year 2019 was of CHF 7.2 million (previous year: CHF 5.4 million).

For other employees of the Bellevue Group, a discretionary bonus-pool of CHF 1.7 million (previous year: CHF 1.1 million) was determined.

Contractual obligations exist for the portfolio managers in order to determine the variable compensation. The compensation depends on the success of the managed product through them. The individual teams participate with the collected net income of the respective product accordingly. The amount of the compensation is based among others on the quality of the performance compared to relevant indices and market offerings. For the year 2019 variable compensation in the amount of CHF 16.7 million were calculated (previous year: CHF 14.6 million).

The determination of the individual variable compensation is generally made by the executive Board of the operating companies. For this decision role, experience and personal performance are considered. For customer oriented units directly related components are included to determine the performance. To evaluate the personal performance of employees in the areas of processing and monitoring directly related components are never to be included.

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

The employees in the BB Biotech AG portfolio management team have, in addition, been participating in an employee stock ownership plan, which is part of this asset management mandate. Under this plan, the team receives an entitlement to a maximum number of shares of BB Biotech or BB Healthcare Trust. The actual number of shares depends on various conditions. The shares are subject to a three-year vesting period (service period) as of the date of allocation. In addition, the effective number of shares depends on the achievement of performance targets over the next three fiscal years in connection with the mandate. A right to receive the maximum number of shares only exists if the absolute performance of the mandates during the following three-year period is greater than 10% p.a. and it exceeds the relative performance of one local and one sectorspecific index. If the absolute performance in the three-year period is less than 5% p.a. and neither of the two indices are exceeded, the entitlement will be forfeited. During the year under review, CHF 3.8 million was recognised pro rata as expense (previous year: CHF 2.1 million). As of 31 December 2019, the value of the entitlement based on its fair market value is CHF 12.8 million (previous year: CHF 9.9 million).

The Board of Directors approved in 2016 a long-term incentive plan worth CHF 1.2 million for the employees of StarCapital AG. For this purpose, no Bellevue Group AG shares were allocated in the reporting year (previous year: CHF 0.4 million). The shares are not blocked.

In 2018, the Supervisory Board approved a long-term incentive plan worth CHF 0.9 million for employees of MARS Asset Management GmbH, which was acquired in 2018. Of these, shares in Bellevue Group AG with a value of CHF 0.2 million were allocated in the year under review (previous year: CHF 0.2 million). The shares are not blocked.

In the reporting year, the Board of Directors approved a long-term incentive plan for various.
Bellevue Group AG shares with a fair market value of CHF 0.7 million (previous year: CHF 1.0 million) and subject to a four-year blocking period were allocated for this. This amount contains a cash component to cover any employee contributions to statutory social insurance. These shares are subject to a three-year pro-rata vesting period (service period) and a three-year clawback right. No member of the Executive Board participated in this long-term incentive plan (previous year: one member of the Executive Board).

In 2018, the Board of Directors approved a voluntary employee share ownership plan for a total of 162 000 shares. Depending on their management level, between 1 000 and 8 000 rights to purchase Bellevue Group AG shares were offered to employees, including management, at a preferential purchase price of CHF 18.00 per share. This corresponded to a discount of around 28% on the market value at the time of allocation. The difference between the market value and the purchase price corresponds to a payment in kind. A total of 160 457 rights were exercised by management and employees (of which 24 000 were exercised by management).

Blocked Shares

Number		**Employees**	**Members of the Board of Directors and Group Executive Board**	
	2019	**2018**	**2019**	**2018**
Holdings of blocked shares on January 1	658 700	442 175	265 462	179 988
Shares purchased with holding period [1]	31 217	25 767	–	40 000
Blocked shares purchased from the bonus accrual for the previous year [1]	113 564	111 518	33 087	49 448
Blocked shares purchased from participation program [1]	–	136 457	–	24 000
Shares for which the holding period has lapsed	−86 816	−38 473	−31 764	−27 974
Shares of employees/members who have left the Group and transfers (reduction)	−90 676	−18 744	−32 909	–
Holdings of blocked shares on December 31	625 989	658 700	233 876	265 462

1) The shares were bought from the company at the going market value and allocated as elements of salary.

CHF 1 000		**Employees**	**Members of the Board of Directors and Group Executive Board**	
	1.1.-31.12.2019	**1.1.-31.12.2018**	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Expenses recognized under Personnel expenses for shares purchased at a discount	2 590	3 052	764	1 324
Expenditure on acquisition of discounted shares debited against bonus accrual for previous year	2 281	2 570	667	1 140
Expenditure on acquisition of discounted shares debited (CHF)	20.08	23.04	20.15	23.04
Market value of blocked shares on December 31	14 961	13 042	5 590	5 256

6 Risk related to balance sheet positions

6.1 Balance sheet by currency

CHF 1 000	CHF	EUR	USD	Other *	Total
31.12.2019					
Cash	50 416	2	–	–	50 418
Due from banks	20 812	7 997	5 891	2 368	37 068
Due from customers	236	42	3	–	281
Trading portfolio assets	11 778	695	–	3 204	15 677
Positive replacement values	30	–	–	–	30
Other financial assets at fair value	14 071	11 114	3 274	3 045	31 504
Accrued income and prepaid expenses	4 036	9 742	1 974	655	16 407
Financial investments	–	159	–	16	175
Property and equipment	6 927	898	–	429	8 254
Goodwill and other intangible assets	34 486	29 473	–	–	63 959
Current tax assets	–	665	–	–	665
Deferred tax assets	–	–	247	218	465
Other assets	9 810	939	463	129	11 341
Total on-balance-sheet assets	**152 602**	**61 726**	**11 852**	**10 064**	**236 244**
Assets classified as held of sale	95 732	21 737	10 031	26 207	153 707
Total assets	**248 334**	**83 463**	**21 883**	**36 271**	**389 951**
Delivery claims from spot and forward forex transactions and from forex options transactions form continuing operations	4 536	–	–	–	4 536
Delivery claims from spot and forward forex transactions and from forex options transactions from discontinued operations	34 069	–	–	–	34 069
Total	**286 939**	**83 463**	**21 883**	**36 271**	**428 556**
Due to banks	–	–	–	–	–
Due to customers	91	26	182	67	366
Leasing liabilities	6 010	766	–	431	7 207
Negative replacement values	–	–	–	–	–
Accrued expenses and other liabilities	37 682	1 661	3 041	2 682	45 066
Current tax liabilities	7 428	12	28	144	7 612
Deferred tax liabilities	3 033	1 995	–	–	5 028
Provisions and pension obligations	–	–	–	–	–
Other liabilities	781	160	–	345	1 286
Equity	172 254	34 523	–6 788	–4 227	195 762
Total on-balance-sheet liabilities	**227 279**	**39 143**	**–3 537**	**–558**	**262 327**
Liabilities directly associated with assets held for sale	104 631	11 194	9 296	2 503	127 624
Total liabilities and shareholders' equity	**331 910**	**50 337**	**5 759**	**1 945**	**389 951**
Delivery claims from spot and forward forex transactions and from forex options transactions from continuing operations	–	1 631	2 905	–	4 536
Delivery claims from spot and forward forex transactions and from forex options transactions from discontinued operations	–	10 471	507	23 091	34 069
Total	**331 910**	**62 439**	**9 171**	**25 036**	**428 556**
Net position per currency	**–44 971**	**21 024**	**12 712**	**11 235**	

* Mainly GBP

CHF 1 000	CHF	EUR	USD	Other *	Total
31.12.2018					
Cash	144 152	4	–	–	144 156
Due from banks	28 172	11 128	3 656	3 172	46 128
Due from customers	33 422	13 981	8 189	7 270	62 862
Trading portfolio assets	20 544	1 092	10 348	1 418	33 402
Positive replacement values	2 886	–	–	–	2 886
Other financial assets at fair value	7 763	13 630	3 197	4 790	29 380
Accrued income and prepaid expenses	4 461	3 844	1 129	569	10 003
Financial investments	53 400	314	–	16	53 730
Property and equipment	812	210	–	–	1 022
Goodwill and other intangible assets	27 744	40 468	–	–	68 212
Current tax assets	2 488	730	15	–	3 233
Deferred tax assets	359	–	193	140	692
Other assets	9 986	933	464	270	11 653
Total on-balance-sheet assets	**336 189**	**86 334**	**27 191**	**17 645**	**467 359**
Delivery claims from spot and forward forex transactions and from forex options transactions	15 581	–	–	–	15 581
Total assets	**351 770**	**86 334**	**27 191**	**17 645**	**482 940**
Due to banks	500	61	–	–	561
Due to customers	170 025	8 475	19 494	5 870	203 864
Negative replacement values	2 882	–	–	–	2 882
Other financial liabilities at fair value	–	5 226	–	–	5 226
Accrued expenses and deferred income	26 729	3 054	3 244	1 747	34 774
Current tax liabilities	4 917	18	–	120	5 055
Deferred tax liabilities	12 409	2 679	–	–	15 088
Provisions and pension obligations	1 891	–	–	–	1 891
Other liabilities	879	190	–	68	1 137
Equity	163 369	43 509	−6 669	−3 328	196 881
Total on-balance-sheet liabilities	**383 601**	**63 212**	**16 069**	**4 477**	**467 359**
Delivery claims from spot and forward forex transactions and from forex options transactions	–	9 464	3 932	2 185	15 581
Total liabilities and shareholders' equity	**383 601**	**72 676**	**20 001**	**6 662**	**482 940**
Net position per currency	**−31 831**	**13 658**	**7 190**	**10 983**	

* Mainly GBP

6.2 Maturity structure of financial instruments

CHF 1 000	On demand	Subject to notice	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Due after 5 years	Total
31.12.2019							
Assets/financial instruments							
Cash	50 418	–	–	–	–	–	50 418
Due from banks	36 818	–	–	–	250	–	37 068
Due from customers	18	–	220	43	–	–	281
Trading portfolio assets	15 677	–	–	–	–	–	15 677
Positive replacement values	–	–	30	–	–	–	30
Other financial assets at fair value	22 823	–	–	–	8 681	–	31 504
Accrued income and prepaid expenses	–	–	15 933	–	–	–	15 933
Financial investments	–	–	–	–	175	–	175
Other assets	–	–	–	–	9 372	–	9 372
Total from continuing operations	**125 754**	**–**	**16 183**	**43**	**18 478**	**–**	**160 458**
Assets classified as held of sale	87 487	61 928	701	–	835	–	150 951
Total	**213 241**	**61 928**	**16 884**	**43**	**19 313**	**–**	**311 409**
Liabilities/financial instruments							
Due to banks	–	–	–	–	–	–	–
Due to customers	–	–	366	–	–	–	366
Leasing liabilities [1]	–	–	568	757	6 198	–	7 523
Negative replacement values	–	–	–	–	–	–	–
Other financial liabilities at fair value	–	–	–	–	–	–	–
Accrued expenses and other liabilities	–	–	29 045	3 342	12 045	–	44 432
Other liabilities	–	–	1 130	–	–	–	1 130
Total from continuing operations	**–**	**–**	**31 109**	**4 099**	**18 243**	**–**	**53 451**
Liabilities directly associated with assets held for sale	115 609	–	1 604	–	–	–	117 213
Total	**115 609**	**–**	**32 713**	**4 099**	**18 243**	**–**	**170 664**

[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.

Accrued expenses and deferred income and other assets include items not classified as financial instruments. Therefore, the amount shown in the table does not correspond to the balance sheet amount.

CHF 1 000	On demand	Subject to notice	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Due after 5 years	Total
31.12.2018							
Assets/financial instruments							
Cash	144 156	–	–	–	–	–	144 156
Due from banks	45 035	–	–	–	1 093	–	46 128
Due from customers	23 701	38 478	639	44	–	–	62 862
Trading portfolio assets	33 402	–	–	–	–	–	33 402
Positive replacement values	–	–	2 886	–	–	–	2 886
Other financial assets at fair value	19 428	–	–	–	9 952	–	29 380
Accrued income and prepaid expenses	–	–	9 122	–	–	–	9 122
Financial investments	–	–	–	–	53 730	–	53 730
Other assets	–	–	–	–	8 691	–	8 691
Total	**265 722**	**38 478**	**12 647**	**44**	**73 466**	**–**	**390 357**
Liabilities/financial instruments							
Due to banks	561	–	–	–	–	–	561
Due to customers	203 238	–	626	–	–	–	203 864
Negative replacement values	–	–	2 882	–	–	–	2 882
Other financial liabilities at fair value *	–	–	782	4 444	–	–	5 226
Accrued expenses and deferred income	–	–	24 424	386	9 584	–	34 394
Other liabilities	–	–	1 137	–	–	–	1 137
Total	**203 799**	**–**	**29 851**	**4 830**	**9 584**	**–**	**248 064**

* The contingent purchase price payment valued at fair value in connection with the acquisitions of StarCapital AG and MARS Asset Management GmbH. For more details about the valuation, please refer to note 6.4. on page 99.

6.3 Fair value of financial instruments

	31.12.2019			31.12.2018		
CHF 1 000	**Book value**	**Fair Value**	**Deviation**	**Book value**	**Fair Value**	**Deviation**
Assets						
Cash	50 418	50 418	–	144 156	144 156	–
Due from banks	37 068	37 068	–	46 128	46 128	–
Due from clients	281	281	–	62 862	62 837	–25
Accrued income and prepaid expenses	15 933	15 933	–	9 122	9 122	–
Other assets	9 372	9 372	–	8 691	8 691	–
Assets classified as held of sale	144 016	144 016	–	–	–	–
Financial assets at amortized cost	**257 088**	**257 088**	**–**	**270 959**	**270 934**	**–25**
Trading portfolio assets	15 677	15 677	–	33 402	33 402	–
Positive replacement values	30	30	–	2 886	2 886	–
Other financial assets at fair value	31 504	31 504	–	29 380	29 380	–
Financial investments at fair value	159	159	–	314	314	–
Assets classified as held of sale	6 935	6 935	–	–	–	–
Other financial assets at fair value through profit and loss	**54 305**	**54 305**	**–**	**65 982**	**65 982**	**–**
Financial investments at fair value	16	16	–	53 416	53 416	–
Assets classified as held of sale	–	–	–	–	–	–
Financial assets with OCI fair value measurement	**16**	**16**	**–**	**53 416**	**53 416**	**–**
Total financial assets	**311 409**	**311 409**	**–**	**390 357**	**390 332**	**–25**
Liabilities						
Due to banks	–	–	–	561	561	–
Due to customers	366	366	–	203 864	203 864	–
Leasing liabilities	7 207	7 207	–	–	–	–
Accrued expenses and deferred income	44 432	44 432	–	34 394	34 394	–
Other liabilities	1 130	1 130	–	1 137	1 137	–
Liabilities directly associated with assets held for sale	116 995	116 995	–	–	–	–
Financial liabilities at amortized cost	**170 130**	**170 130**	**–**	**239 956**	**239 956**	**–**
Negative replacement values	–	–	–	2 882	2 882	–
Other financial liabilities at fair value *	–	–	–	5 226	5 226	–
Liabilities directly associated with assets held for sale	218	218	–	–	–	–
Financial liabilities at fair value	**218**	**218**	**–**	**8 108**	**8 108**	**–**
Total financial liabilities	**170 348**	**170 348**	**–**	**248 064**	**248 064**	**–**

* The contingent purchase price payment valued at fair value in connection with the acquisitions of StarCapital AG and MARS Asset Management GmbH. For more details about the valuation, please refer to note 6.4 on page 99.

Valuation methods of financial instruments

31.12.2019	Level 1 CHF 1 000	Level 2 CHF 1 000	Level 3 CHF 1 000	Total CHF 1 000
Assets				
Cash	50 418	–	–	50 418
Due from banks	–	37 068	–	37 068
Due from customers	–	281	–	281
Accrued income and prepaid expenses	15 933	–	–	15 933
Other assets	9 372	–	–	9 372
Assets classified as held of sale	46 277	97 739	–	144 016
Financial assets at amortized cost	**122 000**	**135 088**	**–**	**257 088**
Trading portfolio assets	12 473	3 204	–	15 677
Positive replacement values	–	30	–	30
Other financial assets at fair value	2 941	19 261	9 302	31 504
Financial investments at fair value	–	159	16	175
Assets classified as held of sale	375	6 560	–	6 935
Financial assets at fair value	**15 789**	**29 214**	**9 318**	**54 321**
Total financial assets	**137 789**	**164 302**	**9 318**	**311 409**
Liabilities				
Due to banks	–	–	–	–
Due to customers	–	366	–	366
Leasing liabilities	7 207	–	–	7 207
Accrued expenses and deferred income	44 432	–	–	44 432
Other liabilities	1 130	–	–	1 130
Liabilities directly associated with assets held for sale	1 386	115 609	–	116 995
Financial liabilities at amortized cost	**54 155**	**115 975**	**–**	**170 130**
Negative replacement values	–	–	–	–
Liabilities directly associated with assets held for sale	–	218	–	218
Financial liabilities at fair value	**–**	**218**	**–**	**218**
Total financial liabilities	**54 155**	**116 193**	**–**	**170 348**

31.12.2018	Level 1 CHF 1 000	Level 2 CHF 1 000	Level 3 CHF 1 000	Total CHF 1 000
Aktiven				
Flüssige Mittel	144 156	–	–	144 156
Forderungen gegenüber Banken	–	46 128	–	46 128
Forderungen gegenüber Kunden	–	62 862	–	62 862
Rechnungsabgrenzungen	9 122	–	–	9 122
Sonstige Aktiven	8 691	–	–	8 691
Finanzielle Vermögenswerte zu fortgeführten Anschaffungskosten	**161 969**	**108 990**	**–**	**270 959**
Handelsbestände	16 695	16 707	–	33 402
Positive Wiederbeschaffungswerte	–	2 886	–	2 886
Andere finanzielle Vermögenswerte zu Fair Value	4 703	14 725	9 952	29 380
Finanzanlagen zu Fair Value	–	314	53 416	53 730
Finanzielle Vermögenswerte zu Fair Value	**21 398**	**34 632**	**63 368**	**119 398**
Total finanzielle Vermögenswerte	**183 367**	**143 622**	**63 368**	**390 357**
Passiven				
Verpflichtungen gegenüber Banken	–	561	–	561
Verpflichtungen gegenüber Kunden	–	203 864	–	203 864
Rechnungsabgrenzungen	34 394	–	–	34 394
Sonstige Passiven	1 137	–	–	1 137
Finanzielle Verpflichtungen zu fortgeführten Anschaffungskosten	**35 531**	**204 425**	**–**	**239 956**
Negative Wiederbeschaffungswerte	–	2 882	–	2 882
Andere finanzielle Verpflichtungen zu Fair Value *	–	–	5 226	5 226
Finanzielle Verpflichtungen zu Fair Value	**–**	**2 882**	**5 226**	**8 108**
Total finanzielle Verpflichtungen	**35 531**	**207 307**	**5 226**	**248 064**

* Bedingte Kaufpreiszahlung bewertet zum Fair Value im Zusammenhang mit den Übernahmen StarCapital AG und MARS Asset Management GmbH. Für weitere Details hinsichtlich der Bewertung verweisen wir auf die Anhangsangabe 6.4.

No transfers between levels of the fair value hierarchy took place in 2019 or the previous year.

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 essentially comprise private-equity funds and non-listed 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 with net asset value calculation, based on up-to-date available financial information (e.g. annual reports), less necessary value adjustments according to own assessment. The valuation of the contingent purchase price liability is mainly based on the underlying contractual share purchase terms and conditions.

6.4 Level-3-financial instruments

CHF 1 000	31.12.2019			31.12.2018		
	Other finan-cial assets at fair value	Financial investments at fair value	Total	Other finan-cial assets at fair value	Financial investments at fair value	Total
Assets						
Holdings at the beginning of the year	9 952	53 416	63 368	9 035	25 716	34 751
Investments	3 356	–	3 356	256	–	256
Redemptions/Payments	−361	−57 778	−58 139	−993	–	−993
Losses recognized in the income statement	−3 565	–	−3 565	−9	–	−9
Losses recognized as other comprehensive income	−80	–	−80	–	–	–
Gains recognized in the income statement	–	–	–	1 663	–	1 663
Gains recognized as other comprehensive income	–	4 378	4 378	–	27 700	27 700
Total book value at balance sheet date	**9 302**	**16**	**9 318**	**9 952**	**53 416**	**63 368**
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date and recorded in the income statement in the period	**−3 565**	**–**	**−3 565**	**1 654**	**–**	**1 654**

Key assumptions in the valuation of Level 3 financial instruments are the underlying net asset values. The following table shows the effect on the valuation when this assumption change:

Key assumptions	Changes in key assumption	Change in fair value in CHF 1 000
Net Asset value	+ 5 percentage points	466
	– 5 percentage points	−466

CHF 1 000	Other financial liabilities at fair value	Other financial liabilities at fair value
Assets		
Holdings at the beginning of the year	5 226	15 525
Investments	–	1 446
Payments	−5 305	−7 655
Losses recognized in the income statement	71	–
Losses recognized as other comprehensive income	8	−21
Gains recognized in the income statement	–	−4 069
Total book value at balance sheet date	**–**	**5 226**
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date and recorded in the income statement in the period	**–**	**−3 921**

In the 2019 reporting period, the last tranches of the contingent purchase price payments in connection with the acquisitions of StarCapital AG and MARS Asset Management GmbH were due and paid. This led to a loss of CHF 0.1 million, which was recognised in the income statement under the item "Income from other financial instruments at fair value". As at 31 December 2019, there were no further contingent purchase price payments owed. For further details In connection with the acquisition of StarCapital AG and MARS Asset Management GmbH, we refer to the comments of the Annual Report 2018.

6.5 Credit risk and impairment model

Due to the limited activity in the lending business (see consolidated financial statements, section 2.2 "Credit risks" on page 72.), which are generally only entered into on a secured basis, there are generally no significant credit risks.

Maximum credit risk before and after credit risk mitigations

The following table shows the maximum credit risk from all balance sheet and off-balance sheet positions and the existing credit risk mitigations.

31.12.2019	Credit risk before credit risk reductions	credit risk mitigations	Credit risk after credit risk reductions
Cash	50 418	–	50 418
Due from banks	37 068	–	37 068
Due from customers	281	–	281
Trading portfolio assets	15 677	–	15 677
Positive replacement values	30	–	30
Accrued income and prepaid expenses	15 933	–	15 933
Financial investments	175	–	175
Other assets	9 372	–	9 372
	128 954	**–**	**128 954**

31.12.2018	Credit risk before credit risk reductions	credit risk mitigations	Credit risk after credit risk reductions
Cash	144 156	–	144 156
Due from banks	46 128	–	46 128
Due from customers	62 862	38 219	24 643
Trading portfolio assets	33 402	–	33 402
Positive replacement values	2 886	–	2 886
Accrued income and prepaid expenses	9 122	–	9 122
Financial investments	53 730	–	53 730
Other assets	8 691	–	8 691
	360 977	**38 219**	**322 758**

Due from clients as per 31.12.2018 mainly consist of lombard loans and a receivable from SIX SIS AG. The lombard loans are generally secured by securities that are largely readily realisable. Due from clients mainly relate to discontinued operations (see note 7.3 on page 108).

Level assignment of value adjustment model

The following tables provide an overview of the classification of financial instruments carried at amortised cost as of 31 December 2018 and 31 December 2019.

31.12.2019	Simplified approach	Stage 1 CHF 1 000	Stage 2 CHF 1000	Stage 3 CHF 1000	Total CHF 1000
Cash	–	50 418	–	–	50 418
Due from banks	–	37 068	–	–	37 068
Due from customers	–	281	–	–	281
Accrued income and prepaid expenses*	15 933	–	–	–	15 933
Other assets*	9 372	–	–	–	9 372
	25 305	**87 767**	**–**	**–**	**113 072**

* For these items the simplified approach according to IFRS 9.5.5.15 is applied. In this case, expected credit losses are calculated for the entire term.

31.12.2018	Simplified approach	Stage 1 CHF 1 000	Stage 2 CHF 1000	Stage 3 CHF 1000	Total CHF 1000
Cash	–	144 156	–	–	144 156
Due from banks	–	46 128	–	–	46 128
Due from customers	–	62 862	–	–	62 862
Accrued income and prepaid expenses*	9 122	–	–	–	9 122
Other assets*	8 691	–	–	–	8 691
	17 813	**253 146**	**–**	**–**	**270 959**

* For these items the simplified approach according to IFRS 9.5.5.15 was applied. In this case, expected credit losses were calculated for the entire term.

Change in expected credit losses

The following table shows how the expected credit losses have changed compared to the previous period.

	Stage 1 CHF 1 000	Stage 2 CHF 1000	Stage 3 CHF 1000	Total CHF 1000
Expected credit losses as at 01.01.2019	25	–	–	25
Changes in recognized financial instruments compared to January 1, 2019	–25	–	–	–25
Expected credit losses as at 31.12.2019	**–**	**–**	**–**	**–**

Financial instruments written off/depreciated

In the financial year 2019 and 2018, no financial instruments were depreciated/written off due to uncollectibility.

7 Off-balance sheet and other information

7.1 Off-balance sheet

Contingent liabilities

As per December 31, 2019 and as per 31 December, 2018 there are no contingent laibilities.

CHF 1 000	31.12.2019	31.12.2018
Irrevocable commitments		
Undrawn irrevocable credit facilities	124	130
of which payment obligation to the protection of deposits	124	130
Total	**124**	**130**
Fiduciary transactions		
Fiduciary placements with third-party banks	22 952	17 711
Total	**22 952**	**17 711**
Securities lending and pension transactions		
Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	15 769	13 407

CHF million	31.12.2019	31.12.2018
Assets under management		
Assets in self-managed collective investment instruments	10 526	8 882
Assets with management mandate	344	349
Other assets under management	1 556	1 578
Total assets under management (including double counts)	**12 426**	**10 809**
of which double counts	168	179
Development of assets under management		
Total assets under management (including double counting) at the beginning of the reporting period	10 809	12 045
+/– net new money inflow or net new money outflow	117	–418
+/– price gains/losses, interest, dividends and currency gains/losses	1 500	–1 187
+/– other effects [1]	–	369
Total managed assets (including double counting) at the balance sheet date	**12 426**	**10 809**

[1] The assets acquired in the first half of 2018 following the acquisition of MARS Asset Management GmbH are listed under this item.

CHF million	31.12.2019	31.12.2018
Assets under management from continuing operations		
Assets in self-managed collective investment instruments	10 510	8 882
Assets with management mandate	89	92
Other assets under management	–	–
Total assets under management from continuing operations (including double counts)	**10 599**	**8 974**
of which double counts	61	64
Development of assets under management from continuing operations		
Total assets under management (including double counting) at the beginning of the reporting period	8 974	10 023
+/– net new money inflow or net new money outflow	422	–399
+/– price gains/losses, interest, dividends and currency gains/losses	1 203	–1 019
+/– other effects [1]	–	369
Total managed assets (including double counting) from continuing operations at the balance sheet date	**10 599**	**8 974**

[1] The assets acquired in the first half of 2018 following the acquisition of MARS Asset Management GmbH are listed under this item.

CHF million	31.12.2019	31.12.2018
Assets under management from discontinued operations		
Assets in self-managed collective investment instruments	16	–
Assets with management mandate	255	257
Other assets under management	1 556	1 578
Total assets under management from discontinued operations (including double counts)	**1 827**	**1 835**
of which double counts	107	115
Development of assets under management from discontinued operations		
Total assets under management (including double counting) at the beginning of the reporting period	1 835	2 022
+/– net new money inflow or net new money outflow	–305	–19
+/– price gains/losses, interest, dividends and currency gains/losses	297	–168
+/– other effects	–	–
Total managed assets (including double counting) from discontinued operations at the balance sheet date	**1 827**	**1 835**

Assets under management and net inflows / outflows of new money

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority FINMA concerning accounting standards for financial institutions. Assets under management comprise all of the assets managed or held for investment purposes of private, corporate and institutional clients, as well as assets in self-managed collective investment instruments for which investment advisory and/or asset management services are provided. This includes all amounts due to customers on savings and deposit accounts, fixed-term and fiduciary deposits, and all valued assets. Assets under management that are deposited with third parties are included to the extent that investment advisory and/or asset management services are provided by Bellevue Group. Assets that are counted in several categories of assets are shown under double counts.

Net inflows or outflows of assets under management during the reporting period consist of the acquisition of new clients, the departure of clients as well as inflows and outflows of assets from existing clients. If there is a change in the service provided, resulting in the reclassification of assets under management as assets held for custody purposes or vice versa, this is recorded as an outflow of new money or an inflow of new money, respectively. Securities-related and currency-related changes in market value, interest income and dividends, fee charges and loan interest paid do not constitute inflows or outflows of assets.

7.2 Employee benefit plans

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

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

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

When determining the benefits, the minimum requirements of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be considered. The LOB defines minimum insured salary and minimum retirement assets. The Federal Council determines the minimum interest on these minimum retirement assets at least every two years. In 2019, it amounts to 1.00% (previous year: 1.00%).

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	**31.12.2019**	**31.12.2018**
Consolidated balance sheet		
Fair value of plan assets	53 352	46 228
Present value of pension obligations	−53 425	−48 119
Funding shortfall/surplus	**−73**	**−1 891**
thereof from continuing operations	355	−1 421
thereof from discontinued operations	−428	−470

CHF 1 000	**1.1.-31.12.2019**	**1.1.-31.12.2018**
Pension cost recognised in the income statement		
Service cost		
Current service cost	−2 396	−2 282
Past service cost (Plan amendments) [1]	4 754	811
Past services cost (curtailment)	–	–
Plan settlements	–	–
Net interest expenses/income	−7	52
Administrative expenses	−78	−52
Total pension cost for the period	**2 273**	**−1 471**
thereof from continuing operations	1 671	−1 036
thereof from discontinued operations	602	−435

[1] The plan amendment in the 2019 financial year is 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.-31.12.2019	1.1.-31.12.2018
Revaluation components recorded in other income		
Actuarial gains/losses		
Arising from changes in demographical assumptions	–	–
Arising from changes in economic assumptions	−4 248	2 240
Arising from experience	−2 203	−3 627
Return on plan assets (excluding amounts included in net interest expenses)	3 975	−6 355
Effects from curtailments	–	–
Total of amounts recognised in other income	**−2 476**	**−7 742**

CHF 1 000	2019	2018
Development of pension obligations		
At 1 January	−48 119	−41 766
Current service cost	−2 396	−2 282
Employee contributions	−274	−255
Interest expenses on the present value of the obligations	−305	−346
Pension payments and vested benefits	1 870	2 406
Additions from admissions and voluntary contributions	−2 504	−5 300
Plan amendments	4 754	811
Plan curtailment	–	–
Actuarial gains/losses	−6 451	−1 387
At 31 December	**−53 425**	**−48 119**
Development of plan assets		
At 1 January	46 228	47 254
Interest income	298	398
Plan participants' contribution	274	255
Company contributions	2 021	1 834
Pension payments and vested benefits	−1 870	−2 406
Additions from admissions and voluntary contributions	2 504	5 300
Return on plan assets (excluding amounts in net interest)	3 975	−6 355
Plan settlements	–	–
Administration expense	−78	−52
At 31 December	**53 352**	**46 228**
Actual return on plan assets	**4 273**	**−5 957**

CHF 1 000	31.12.2019	31.12.2018
Allocation of plan assets		
Equities		
Listed investments	18 854	16 197
Non-listed investments	–	–
Bonds		
Listed investments	5 556	6 399
Non-listed investments	–	–
Real estate		
Directly invested	–	–
Investments in funds	2 560	1 657
Alternative investments	3 948	3 037
Qualified insurance policies	3 881	1 808
Other	–	–
Liquidity	18 553	17 130
Total	**53 352**	**46 228**

The plan assets allocation as at 31 December 2019 as well as at 31 December 2018 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	31.12.2019	31.12.2018
Active workforce	49 544	46 311
Pensioners	3 881	1 808
Total	**53 425**	**48 119**

The maturity of the obligation is 20.1 years as at 31 December 2019 (previous year: 19.8 years). The expected employer's contributions for 2020 are estimated at CHF 1.7 million (previous year: CHF 2.0 million).

CHF 1 000	31.12.2019	31.12.2018
Actuarial assumptions		
Biometric assumptions	BVG 2015GT	BVG 2015GT
Life expectancy at the age of 65		
Year of birth	1 954	1 953
Men	22.61	22.50
Women	24.65	24.54
Year of birth	1 974	1 973
Men	24.40	24.33
Women	26.44	26.37
Discount rate	0.30%	0.95%
Expected rate of salary increases	1.50%	1.50%
Expected rate of pension increases	0.00%	0.00%
Interest on pension assets	1.00% (mandatory); 0.30% (super-mandatory)	1.00% (mandatory); 0.95% (super-mandatory)

Changes to the present value of a defined-benefit obligation

CHF 1 000	31.12.2019	31.12.2018
	+ 0.25%	+ 0.25%
Assumed interest rate	−2 317	−2 090
Salary development	392	343
Interest on pension assets	993	971
	+ 1 Jahr	**+ 1 Jahr**
Development of life expectancy	873	740

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

7.3 Discontinued operations

On 20 August 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG. Quintet Private Bank will acquire 100% of the shares of Bank am Bellevue AG. This transaction has no impact on the remaining business units.

The closing of the transaction is expected in the first quarter of 2020, subject to approval by the relevant regulatory authorities.

The sale of Bank am Bellevue AG therefore has the following effects on the annual report of Bellevue Group:

- The assets and liabilities of Bank am Bellevue ("disposal group") are classified as assets held for sale and liabilities.
- In accordance with the provisions of IFRS 5, the assets and liabilities of the disposal group were written down to the lower of book value or selling price less costs to sell. This resulted in a negative charge to the result of CHF 0.6 million.
- As Bank am Bellevue AG is classified as a discontinued operation and represents a separate and significant line of business for Bellevue Group, income and expenses are reported collectively in the item "Net income from discontinued operations (after tax)" after elimination of intra-Group transactions.

On 28 January 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 29 January 2020 and is allocated to continuing operations under the item "Cash and cash equivalents" in the consolidated balance sheet.

Further details of the discontinued operation are disclosed below.

CHF 1 000	1.1.-31.12.2019	1.1.-31.12.2018
Income statement of discontinued operations		
Operating income	9 982	5 588
Personnel expenses	−6 003	−6 754
Other operating expenses	−3 725	−4 504
Depreciation and Amortization	−403	−303
Losses from revaluation to fair value less cost of disposal	−599	–
Valuation adjustments and provisions [1]	−7 600	–
Profit before tax from discontinued operations	**−8 348**	**−5 973**
Taxes	2 921	−17
Group net profit from discontinued operations	**−5 427**	**−5 990**
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	22 714
Remeasurements of post employment benefit obligations IAS 19	−173	−1 857
Other comprehensive income for discontinued operations	**4 158**	**20 857**
Statement of cash flows for discontinued operations		
Net cash flow from operating activities	−98 098	18 518
Net cash flow from investing activities	−200	−700
Net cash flow from financing activities	25	−784
Currency translation effects	–	–
Net cash flow	**−98 273**	**17 034**
Earnings per share (discontinued operations)		
Basic earnings per share (in CHF)	−0.41	−0.45
Diluted earnings per share (in CHF)	−0.41	−0.45

[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	31.12.2019
Assets held for sale	
Cash	45 870
Due from banks [1]	12 092
Due from clients [2]	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 banks	–
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	7 600
Other liabilities	300
Total liabilities directly associated with assets held for sale	**127 624**

CHF 1 000	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 IAS 19	60
Total amounts included in accumulated OCI	**60**

1) This item includes an amount of CHF 0.7 million which serves as security for own liabilities of pledged or assigned assets. As at 31 December 2019, no effective liabilities exist. All "Due from banks" are not covered.
2) This item includes an amount of CHF 8.3 million which serves as security for own liabilities of pledged or assigned assets. As at 31 December 2019, no effective liabilities exist. This position includes CHF 28.7 million unsecured (mainly receivables from SIX SIS Ltd and SIX x-clear Ltd) and CHF 56.9 million secured.

7.4 Major foreign exchange rates
The following exchange rates were used for the major currencies:

	2019		2018	
	Year-end rate	Average rate	Year-end rate	Average rate
EUR	1.08750	1.11245	1.12665	1.15497
USD	0.96845	0.99380	0.98395	0.97860
GBP	1.28260	1.26900	1.25425	1.30560

7.5 Dividend payment
The Board of Directors will propose a dividend of CHF 4.00 from other reserves per registered share at the general meeting of shareholders of Bellevue Group AG on March 24, 2020. This corresponds to a total payment of CHF 53.8 millions.

7.6 Approval of the consolidated financial statements
The Audit Committee discussed and approved the consolidated financial statements during its meeting on February 24, 2020, the Board of Directors during its meeting on February 25, 2020. The statements will be submitted for approval at the general meeting on March 24, 2020.

7.7 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 2019 consolidated financial statements and would therefore need to be disclosed.

8 Segment reporting

Bellevue Group was previously divided into the two reportable business units "Bank am Bellevue" and "Asset Management". Due to the forthcoming sale of Bank am Bellevue, Bellevue Group will focus exclusively on business activities in the area of asset management.

As the Board of Directors believes that there is now only one reportable segment due to the discontinuation of the "Bank am Bellevue" (see Note 7.3), the corresponding reporting has been shortened or adjusted. Bellevue Group only has one reportable segment as at 31.12.2019.

CHF 1 000	1.1.-31.12.2019	1.1.-31.12.2018
Operating income		
Switzerland	99 728	40 652
Germany	9 754	14 466
Other countries	4 444	42 961
Total	**113 926**	**98 079**
thereof from continuing operations	103 944	92 491
thereof from discontinued operations	9 982	5 588

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

Total non-current assets at 31 December 2019, including goodwill and excluding other financial assets at fair value, amount to CHF 41.4 million (31.12.2018: 82.0 million) in Switzerland, CHF 30.4 million (31.12.2018: 40.7 million) in Germany and CHF 0.6 million (31.12.2018: 0.3 million) in other countries.

9 Major subsidiaries

Company name	Domicile	Purpose	Currency	Share capital / Nominal capital	31.12.2019 Share of Capital	31.12.2019 Share of Voting rights	31.12.2018 Share of Capital	31.12.2018 Share of Voting rights
Fully consolidated companies								
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 346 143	Parent company		Parent company	
Bank am Bellevue AG	Küsnacht, Switzerland	Bank	CHF	25 000 000	100%	100%	100%	100%
StarCapital AG	Oberursel, Germany	Asset Management	EUR	540 000	100%	100%	100%	100%
adbodmer AG [1]	Wollerau, Switzerland	Investment Advisor	CHF	100 000	100%	100%	n/a	n/a
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%
Asset Management BaB N.V.	Curaçao	Asset Management	USD	6 001	100%	100%	100%	100%
Bellevue Research Inc.	Boston, USA	Research	USD	100	100%	100%	100%	100%
BB Biotech Ventures G.P.	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
Bellevue Asset Management (UK) Limited [2]	London, UK	Investor relations, distribution	GBP	50 000	100%	100%	100%	100%
BB Pureos Bioventures GP Limited	Guernsey	Investment Advisor	GBP	60 000	99%	99%	99%	99%
Bellevue Investment Advisers AG	Zürich, Switzerland	Asset Management	CHF	500 000	100%	100%	100%	100%
Bellevue Private Markets AG [3]	Küsnacht, Switzerland	Holding	CHF	1 000 000	100%	100%	n/a	n/a

[1] The company was acquired on 19.7.2019
[2] The company was renamed in financial year 2019. (Previously: Bellevue Advisors Limited)
[3] The company was founded on 09.12.2019

10 Alternative Performance Indicators

CHF 1 000	1.1.–31.12.2019	1.1.–31.12.2018	Change
Total operating income	103 944	92 491	11 453
Total operating expenses	–64 100	–62 127	–1 973
Total operating profit	**39 844**	**30 364**	**9 480**
Income from other financial instruments at fair value	–2 576	4 727	–7 303
thereof valuation adjustments	–3 497	–	–3 497
Depreciation and amortization	–5 196	–5 373	177
Valuation adjustments and provisions	–7 392	–	–7 392
Group profit before tax from continuing operations	**24 680**	**29 718**	**–5 038**
Taxes	–7 808	–3 755	–4 053
Group net profit from continuing operations	**16 872**	**25 963**	**–9 091**
Valuation adjustments on financial assets at fair value	3 497	–	3 497
Valuation adjustments goodwill	7 392	–	7 392
Total valuation adjustments	**10 889**	**–**	**10 889**
Adjusted profit rom continuing operations	**27 761**	**25 963**	**1 798**

11 Statutory banking regulations

Bellevue Group is regulated by the Swiss Financial Market Supervisory Authority (FINMA). FINMA requires that Swiss-domiciled banks using the International Financial Reporting Standards (IFRS) as their primary accounting standard must provide a narrative explanation of the major differences between IFRS and Swiss GAAP. Swiss GAAP adheres to the basic provisions of the Federal Law on Banks and the bank accounting guidelines issued by FINMA (RVB).

The main differences between IFRS and Swiss GAAP are:

Fair Value through OCI
Under IFRS, changes in the fair value of financial assets accounted at FVtOCI have to be accounted in the other comprehensive income. Under Swiss GAAP these financial instruments are accounted at historical cost or – if lower – at market value. Reductions in the market value, increases in the market value as well as gains or losses on disposals have to be recorded in other comprehensive income.

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

Goodwill
Under IFRS, goodwill is not ordinarily amortized but must be tested for impairment annually and a write-off made if the recoverable amount is less than the carrying amount. Under Swiss GAAP, goodwill is amortized over its useful life, generally not exceeding five years (in justified cases up to twenty years), and tested for impairment.

Intangible assets
Under IFRS, intangible assets with indefinite lives are not amortized but tested for impairment on an annual basis. Under Swiss GAAP, these intangible assets are amortized over the useful lives up to a maximum of five years (for exceptional cases up to twenty years) and are also tested for impairment yearly.

Pension plans
Under Swiss GAAP it is permitted to adopt the pension plans related IFRS standard (IAS 19). However – in contrast with IAS 19 – Swiss GAAP does not allow the accounting of gains and losses which have no effect on the income statement.

Expected credit losses
Under IFRS, credit losses are recognized in accordance with an expected credit loss model. Under Swiss GAAP, credit losses are recognized according t the credit loss incurred.

Leases
Under IFRS, the lessee recognizes a lease liability at the inception of the lease in the amount of the present value of the lease payments over the lease term. At the same time, a right of use the underlying asset in the amount of the lease liability plus prepaid rent, directly attributable costs and costs for any deconstruction libilities is capitalized.

Other differences
Under IFRS, financial statements are comprehensive of income statement, cash flow statement, balance sheet, statement of comprehensive income, statement of equity and notes. Swiss GAAP does not require a statement of comprehensive income. This is a major cause of differences in the presentation of the financial statements.

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

Report on the audit of the consolidated financial statements

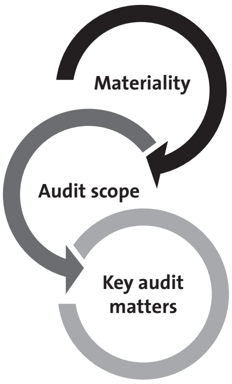
Opinion
We have audited the consolidated financial statements of Bellevue Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows 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 (pages 58 to 75 and 79 to 111) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 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 IESBA Code of Ethics for Professional Accountants, 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 1 240 000

We concluded full scope audit work at Bellevue Group AG and three group entities in two countries.

Our audit procedures cover 95% of net sales and 94% of the balance sheet total.

In addition, analytical procedures were conducted at a further 7 group entities in 5 countries, which cover a further 5% of net sales and 6% of the balance sheet total.

As key audit matters the following areas of focus have been identified:
Impairment of goodwill and other intangible assets of StarCapital AG
Presentation of the planned sale of Bank am Bellevue AG

Context of our audit 2019
The context of our audit is set by the Group's major activities in the reporting period in which the planned sale of the subsidiary Bank am Bellevue AG has been a significant event. The closing of the transaction is expected by the first quarter of 2020 subject to approval by the responsible oversight authorities. We therefore considered the presentation of the planned sale of Bank am Bellevue AG as a new key audit matter.

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 1 240 000
How we determined it	5% of the average (based on the previous 3 years) and before impairment adjusted profit before tax
Rationale for the materiality benchmark applied	We chose the average (based on the previous 3 years) and before impairment adjusted profit before tax as a benchmark. The average profit before tax, in our view, is a generally accepted benchmark because it shows the economic capability of the Group over a longer period.

We agreed with the Audit & Risk Committee that we would report to them misstatements above CHF 62 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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.

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.

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	How our audit addressed the key audit matter
Goodwill in the amount of CHF 22.0 million and other intangible assets in the amount of CHF 7.4 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 2019. Please refer to note 1.6 Estimates, assumptions and the exercise of discretion by management and note 4.6 Goodwill and other intangible assets.	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.

Presentation of the planned sale of Bank am Bellevue AG

Key audit matter	How our audit addressed the key audit matter
On 20 August 2019, Bellevue Group AG has signed an agreement with KBL European Private Bankers (new: Quintet Private Bank) regarding the sale of Bank am Bellevue AG. The closing of the transaction is expected by the first quarter of 2020 subject to approval by the responsible oversight authorities. The Board of Directors has classified Bank am Bellevue AG according to the requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The financial accounting of Bank am Bellevue AG as a discontinued operation has been considered as a key audit matter because the applied scope, presentation and classification requirements are complex, the presentation of the transaction involves judgement by the Board of Directors and Bank am Bellevue AG represents a material operation of the Group. Please refer to note 1.3 Bank am Bellevue – Presentation as discontinued operation according to IFRS 5, note 1.6 Estimates, assumptions and the exercise of discretion by management and note 7.3 Discontinued operations.	We have assessed the financial accounting of Bank am Bellevue AG as a discontinued operation according to IFRS 5 in the consolidated financial statements. Our audit approach contained an appraisal of the assessment made by the Board of Directors to classify Bank am Bellevue AG as held for sale. We have assessed the point in time and the appropriateness of the separation of assets and liabilities of this disposal group from those from continuing operations based on samples. Furthermore, we have assessed whether the assets and liabilities of this disposal group have been measured at the lower of the carrying amount and fair value less costs to sell. We have assessed, whether the presentation and disclosure requirements of IFRS 5 in respect of this disposal group have been appropriately adhered to. We consider the process applied by the Board of Directors for the application, classification and presentation of IFRS 5 as appropriate.

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 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

Zürich, 2 March 2020

Financial statements 2019 of Bellevue Group AG

Profit and loss account

CHF 1 000	1.1.-31.12.2019	1.1.-31.12.2018
Dividend income from participations	27 000	26 022
Other ordinary income	8	3
Commission expense	−22	−29
Net revenue from operating activities	**26 986**	**25 996**
Personnel expenses	−2 732	−2 376
Other operating expenses	−2 304	−1 401
Operating expenses	**−5 036**	**−3 777**
Operating profit before financial result, taxes, depreciation and valuation adjustments	**21 950**	**22 219**
Depreciation on property, plant and equipment	−511	–
Impairments on participations	−10 853	–
Reversal of impairment on participations	30 800	–
Depreciation and value adjustments	**19 436**	**–**
Operating profit before financial result and taxes	**41 386**	**22 219**
Finance income	48	1 245
Finance expense	−36	–
Operating profit before taxes	**41 398**	**23 464**
Extraordinary, one-off income and income unrelated to the reporting period	–	–
Profit for the year before taxes	**41 398**	**23 464**
Direct taxes	**−96**	**−96**
Profit for the year	**41 302**	**23 368**

Balance Sheet

CHF 1 000	31.12.2019	31.12.2018
Assets		
Current assets		
Cash and cash equivalent	1 912	4 233
Other short-term receivables	2 716	37
Prepaid expenses and accrued income	242	220
Total current assets	**4 870**	**4 490**
Non-current assets		
Financial investments	529	751
Property and equipment	947	–
Participations	202 456	173 401
Total non-current assets	**203 932**	**174 152**
Total assets	**208 802**	**178 642**
Liabilities and shareholders' equity		
Short-term liabilities		
Short-term interest-bearing liabilities	4 907	–
Other short-term liabilities	3 034	4 531
Accrued expenses and deferred income	1 414	1 158
Total short-term liabilities	**9 355**	**5 689**
Shareholders' equity		
Share capital	1 346	1 346
Reserves from capital contributions	644	4 010
Legal capital reserves	644	4 010
General legal retained earnings reserves	2 225	2 225
Reserves for treasury shares [1]	1 654	1 693
Legal retained earnings	3 879	3 918
Voluntary retained earnings	17 852	17 813
Profit brought forward	134 424	122 498
Profit for the year	41 302	23 368
Total disposable profit	175 726	145 866
Total shareholders' equity	**199 447**	**172 953**
Total liabilities and shareholders' equity	**208 802**	**178 642**

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.

Presentation of the income statement
Due to the sale of Bank am Bellevue AG, the presentation of the income statement has been adjusted to the continuing operations.

Cash, due from and due to banks and customers
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 recognized at acquisition costs less adjustments necessary for commercial reasons.

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

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

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

2 Notes to the financial statements

CHF 1 000	31.12.2019	31.12.2018
Cash and cash equivalent		
The cash and cash equivalents comprise the following:		
Due from group banks	–	2 856
Due from other banks	1 912	1 377
Total	**1 912**	**4 233**
Other short-term receivables		
The other short-term receivables comprise the following:		
Due from group companies	2 510	–
Due from third parties	206	37
Total	**2 716**	**37**

					31.12.2019		31.12.2018	
					Share of		Share of	
Company	**Domicile**	**Purpose**	**Currency**	**Share capital/Nominal capital**	**Capital**	**Voting rights**	**Capital**	**Voting rights**
Participations								
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 346 143	Parent company		Parent company	
Bank am Bellevue AG	Küsnacht, Switzerland	Bank	CHF	25 000 000	100%	100%	100%	100%
StarCapital AG	Oberursel, Germany	Asset Managment	EUR	540 000	100%	100%	100%	100%
adbodmer AG [1)]	Wollerau, Switzerland	Investment Advisor	CHF	100 000	100%	100%	n/a	n/a
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%
Asset Management BaB N.V.	Curaçao	Asset Managment	USD	6 001	100%	100%	100%	100%
Bellevue Research Inc.	Boston, USA	Research	USD	100	100%	100%	100%	100%
BB Biotech Ventures G.P.	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
Bellevue Asset Management (UK) Limited [2)]	London, UK	Investor relations, distribution	GBP	50 000	100%	100%	100%	100%
BB Pureos Bioventures GP Limited	Guernsey	Investment Advisor	GBP	60 000	99%	99%	99%	99%
Bellevue Investment Advisers AG	Zürich, Switzerland	Asset Managment	CHF	500 000	100%	100%	100%	100%
Bellevue Private Markets AG [3)]	Küsnacht, Switzerland	Holding	CHF	1 000 000	100%	100%	n/a	n/a

1) The company was acquired on 19.7.2019
2) The company was renamed in financial year 2019. (Previously: Bellevue Advisors Limited)
3) The company was founded on 09.12.2019

CHF 1 000	31.12.2019	31.12.2018
Short-term interest-bearing liabilities		
The short-term interest-bearing liabilities comprise the following:		
Due to group companies	4 907	–
Due to third parties	–	–
Total	4 907	–
Other short-term liabilities		
The other short-term liabilities comprise the following:		
Due to group companies	–	–
Due to third parties	3 034	4 531
Total	**3 034**	**4 531**

Reserves from capital contributions

The change in paid-in capital reserve is due to the cash distribution of CHF 3 365 357 (CHF 0.25 per outstanding registered share) which was approved at the General Shareholders' Meeting held on March 19, 2019.

Treasury Shares (inventory and movement)

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

	Number	CHF 1 000
Treasury shares in trading portfolio of Bank am Bellevue AG		
Balance as of 1.1.2018	42 620	895
Purchases	744 326	17 863
Disposals	–705 446	–17 079
Balance as of 31.12.2018	**81 500**	**1 679**
Purchases	353 979	7 609
Disposals	–365 479	–7 634
Balance as of 31.12.2019	**70 000**	**1 654**
Treasury shares of Bellevue Group AG		
Balance as of 1.1.2018	213	4
Purchases	38 780	925
Disposals	–38 993	–929
Balance as of 31.12.2018	**–**	**–**
Purchases	98 023	2 091
Disposals	–98 023	–2 091
Balance as of 31.12.2019	**–**	**–**
Treasury shares of Bellevue Asset Management AG		
Balance as of 1.1.2018	905	14
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2018	**905**	**14**
Purchases	3 824	79
Disposals	–4 729	–93
Balance as of 31.12.2019	**–**	**–**
Reserves for treasury shares		
Balance as of 31.12.2018		1 693
Balance as of 31.12.2019		**1 654**

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 2019 reporting year.

Reversal of impairment on participations

The Bank's investment in Bellevue AG was revalued by CHF 30.8 million as of 31 December 2019.
On 20 August 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement to sell the Bank am Bellevue. Quintet Private Bank will acquire 100% of the shares of Bank am Bellevue. The transaction is expected to close in the first quarter of 2020, subject to approval by the relevant regulatory authorities.

Consequently, at 31 December 2019, the selling price and the expected profit and capital distribution of the Bank in 2020 will be used as the basis for the valuation of the Bank am Bellevue investment.

3 Additional Informations

Company name, legal form and domicile

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

Declaration on FTEs

The annual average of full-time employees has not exceeded 50 in the current financial year (previous year: not exceeded 10).

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

	31.12.2019		31.12.2018	
	Shares	Call-Options	Shares	Call-Options
Share- and option-holdings of members of the Board of Directors				
Veit de Maddalena, Chairman	287 066	–	263 685	–
Daniel Sigg, Member	37 917	–	32 880	–
Rupert Hengster, Member	3 583	–	1 735	–
Urs Schenker, Member (from 19.03.2019)	–	–	n/a	n/a
Katrin Wehr-Seiter, Member (from 19.03.2019)	–	–	n/a	n/a
Thomas von Planta, Präsident (until 19.03.2019)	n/a	n/a	62 559	–
Mirjam Staub-Bisang, Mitglied (until 19.03.2019)	n/a	n/a	6 396	–
Share- and option-holdings of members of the Group Executive Board				
André Rüegg, CEO and CEO Bellevue Asset Management AG	280 600	–	251 225	–
Thomas Pixner, CEO Bank am Bellevue AG	19 170	–	27 770	–
Jan Kollros, CEO adbodmer AG (from 01.07.2019) and CEO Bellevue Private Markets AG	46 774	–	n/a	n/a
Patrik Gilli, CFO (from 16.12.2019) and CFO Bank am Bellevue AG	4 704	–	n/a	n/a
Michael Hutter, member of the Group Executive Board (from 01.03.2019)	76 837	–	n/a	n/a
Daniel Koller, CFO (until 28.02.2019)	n/a	n/a	82 942	–

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 2019 financial statements and would therefore need to be disclosed.

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:

	31.12.2019		31.12.2018	
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
Jörg Bantleon, München (Germany)	11.24%	1 513 181	10.35%	1 392 890
Jürg and Manuela Schäppi, Rapperswil-Jona	9.05%	1 217 799	9.05%	1 217 799

The shareholders Martin Bisang (Küsnacht), as well as Manuela and Jürg Schäppi (Jona) signed a shareholder agreement on 25. October 2018. Martin Bisang will represent the Group and controls 29.48% of the voting rights by December 31st 2019 (31.12.2018: 29.48%).

Proposal to the annual General Meeting

CHF 1 000	31.12.2019	31.12.2018
The Board of Directors proposes to the annual General Meeting of shareholders on March 24, 2020 the following allocation of profit:		
Profit for the year	41 302	23 368
Balance brought forward from previous year	134 424	122 498
Total Profit	**175 726**	**145 866**
Dividend on eligible capital [1)]	−53 846	−11 442
Allocation to other reserves [2)]	–	–
Balance carried forward to new financial year	**121 880**	**134 424**

1) Including treasury shares possibly held directly by Bellevue Group AG
2) As general reserves have reached 50% of the share capital, no further allocation is being made.

Upon approval of this proposal, the dividend of CHF 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 balance sheet as at 31 December 2019, income statement and notes for the year then ended, including a summary of significant accounting policies.

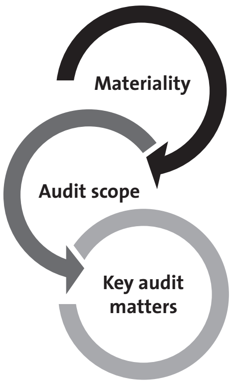
In our opinion, the accompanying financial statements (pages 118 to 124) as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

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 1 200 000

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 1 200 000
How we determined it	0.6% 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.

We agreed with the Audit & Risk Committee that we would report to them misstatements above CHF 62 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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	How our audit addressed the key audit matter
The shares of the capital of subsidiaries held by the Company are recognized in the financial statements under "Participations" (TCHF 202 456). 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 (97% of total assets). We refer to note 1 (Accounting principles) and note 2 (Notes to the financial statements).	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. 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 and in respect of the valuation of Bank am Bellevue by considering the agreed purchase price. 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.

pwc PricewaterhouseCoopers AG

Daniel Pajer Audit expert Auditor in charge	Roland Holl Audit expert

Zürich, 2 March 2020

Investor Relations and Addresses

Investor Relations

Patrik Gilli
Bellevue Group AG
Seestrasse 16
CH-8700 Küsnacht
Telefon +41 (0)44 267 67 00
Fax +41 (0)44 267 67 01
ir@bellevue.ch

Addresses

Bellevue Group AG
Seestrasse 16
CH-8700 Küsnacht
Telefon +41 (0)44 267 67 77
Fax +41 (0)44 267 67 78
info@bellevue.ch
www.bellevue.ch

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

Editor
Bellevue Group AG, Küsnacht

Production
NeidhartSchön AG, Zürich

Print
NeidhartSchön Group, Zürich

Design
Nadiv Visual Communication, Zürich

Photography
Pablo Faccinetto, Zürich

Project Management
Tanja Chicherio