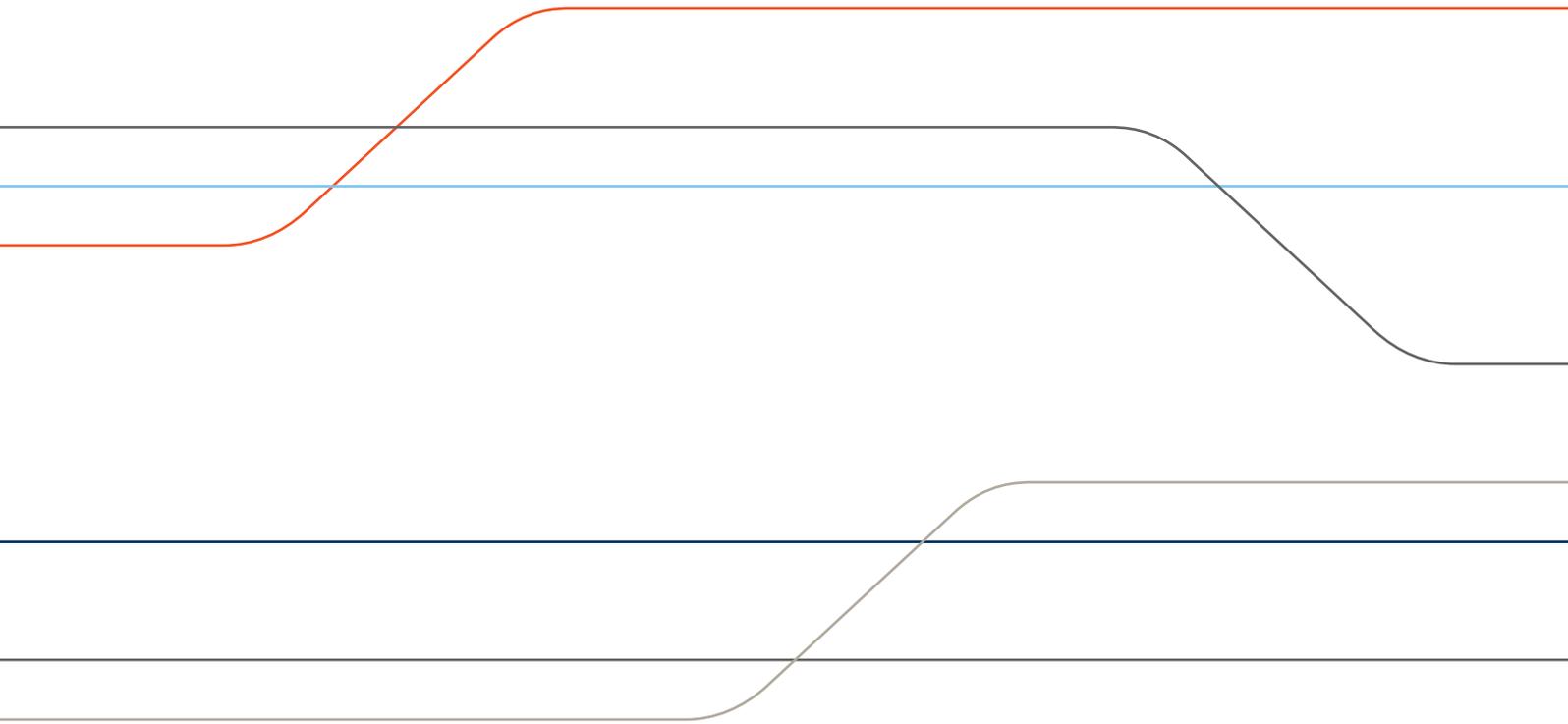




Financial Statements 2015

SIX SIS Ltd



Contents

3	Balance sheet
4	Income statement
5	Statement of changes in equity
6	Notes to the financial statements
6	General information
7	Risk management
10	Regulatory disclosure
12	Accounting and valuation policies
14	Information on the balance sheet
14	1. Securities financing transactions
14	2. Collateral for loans, receivables and off-balance-sheet transactions, as well as impaired loans and receivables
15	3. Derivative financial instruments
16	4. Other assets and liabilities
16	5. Assets pledged or assigned to secure own commitments
16	6. Breakdown of assets by country rating
17	7. Pension funds
18	8. Value adjustments and provisions
19	9. Bank's capital and significant shareholders
20	10. Transactions with related parties
21	Information on the income statement
21	11. Result from trading activities
21	12. Personnel expenses
21	13. General and administrative expenses
21	14. Losses and extraordinary items
22	15. Taxes
22	16. Result from interest operations
23	Information on off-balance-sheet transactions
23	17. Contingent liabilities and subordinated assets and liabilities
24	Report of the statutory auditor

Balance sheet

CHF 1,000	Note	31/12/2015	31/12/2014 ¹
Assets			
Liquid assets		3,264,929	4,398,571
Amounts due from banks		1,135,040	1,124,449
Amounts due from securities financing transactions	1	1,029,112	901,832
Amounts due from customers	2	3,717	6,585
Positive replacement values of derivative financial instruments	3	693	351
Accrued income and prepaid expenses		740	1,302
Participations		1,517	1,800
Tangible assets		35,809	32,779
Other assets	4	8,087	3,885
Total assets		5,479,643	6,471,554
Liabilities and equity			
Amounts due to banks		4,241,675	5,723,687
Liabilities from securities financing transactions	1	645,630	363,256
Amounts due to customers		256,981	65,478
Negative replacement values of derivative financial instruments	3	1,083	1,307
Accrued expenses and deferred income		32,253	25,362
Other liabilities	4	43,441	41,355
Provisions	8	46,254	73,971
Bank's capital	9	26,000	26,000
Legal reserves			
Legal reserves from capital contribution (tax-exempt)		5,000	5,000
Legal reserves from retained earnings		18,300	18,300
Free reserves			
Other free reserves		63,100	63,100
Retained earnings		35,738	19,544
Profit for the year		64,187	45,194
Total liabilities and equity		5,479,643	6,471,554
Off-balance-sheet transactions			
Irrevocable commitments	2	24	14

¹ Some prior-year items have been regrouped to match the required structure. See introduction to the accounting and valuation policies.

Income statement

CHF 1,000	Note	2015	2014 ¹
Interest and discount income		-8,047	3,832
Interest expenses		18,638	-166
Gross result from interest operations		10,591	3,666
Changes in value adjustments for default risks		-	-
Result from interest operations	16	10,591	3,666
Commission income from clearing & settlement		226,948	212,059
Commission expenses from clearing & settlement		-63,621	-58,149
Commission income from other services		16,536	17,397
Commission expenses from other services		-1	-24
Result from commission business and services		179,862	171,283
Result from trading activities	11	351	90
Other ordinary income		12,979	13,525
Other ordinary expenses		-13	-3
Result from other ordinary activities		12,966	13,522
Personnel expenses	12	-46,930	-41,937
General and administrative expenses	13	-102,224	-96,952
Operating expenses		-149,154	-138,889
Changes in value adjustments on participations and depreciation of tangible assets		-1,728	-3,355
Changes to provisions and other value adjustments, and losses	8	11,054	10,698
Operating result		63,943	57,015
Extraordinary income	14	17,745	-
Taxes	15	-17,501	-11,820
Profit for the year		64,187	45,194
Appropriation of profit			
Profit carried forward from the previous year		35,738	19,544
Distributable profit		99,924	64,738
Dividend		-45,000	-29,000
Profit carried forward		54,924	35,738

¹ Some prior-year items have been regrouped to match the required structure. See introduction to the accounting and valuation policies.

Statement of changes in equity

CHF 1,000	Bank's capital	Legal reserves		Free reserves		Profit for the year	Total
		From capital contributions	From retained earnings	Other free reserves	Retained earnings		
1 January 2015	26,000	5,000	18,300	63,100	19,544	45,194	177,138
Appropriation of profit					45,194	-45,194	-
Dividends					-29,000		-29,000
Profit for the year						64,187	64,187
31 December 2015	26,000	5,000	18,300	63,100	35,738	64,187	212,324
1 January 2014¹	26,000	5,000	18,300	63,100	16,967	32,577	161,944
Appropriation of profit					32,577	-32,577	-
Dividends					-30,000		-30,000
Profit for the year						45,194	45,194
31 December 2014¹	26,000	5,000	18,300	63,100	19,544	45,194	177,138

¹ Some prior-year items have been regrouped to match the required structure. See introduction to the accounting and valuation policies.

Notes to the financial statements

General information

SIX SIS Ltd's core business is the settlement of securities transactions and the safe custody and administration of securities both in Switzerland and abroad. As the national central securities depository (CSD), the company is a key element of the Swiss Value Chain in its home market. It provides securities settlement on a simultaneous, final and irrevocable delivery versus payment basis. In its role as an international central securities depository, SIX SIS Ltd offers a wide range of tailor-made global custody services for clients.

To facilitate the settlement of securities transactions, particularly in cross-border business, national and international clients and foreign custodians hold accounts in various currencies with SIX SIS Ltd. Interim financing as a means of guaranteeing the smooth settlement of securities transactions is exclusively short-term in nature and provided on a current account basis; commercial financing is not provided.

The number of staff on a full-time equivalent basis was 319 people as at year-end 2015 (previous year: 305.9).

SIX SIS Ltd is licensed as a bank under Swiss law and is subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). Pursuant to the National Bank Act, it is also supervised by the Swiss National Bank with respect to systemic risks.

Wherever possible, SIX SIS Ltd uses the services of other affiliated companies of SIX.

The risk management for all of SIX Securities Services, which itself is a division of SIX, is performed by SIX Securities Services, with the operational settlement of the management of limits in SECOM being carried out by SIX SIS Ltd. SIX SIS Ltd outsources the operation and maintenance of the data center to SIX Group Services Ltd. This outsourcing arrangement is governed by service level agreements in compliance with FINMA regulations. Staff members of SIX Group Services Ltd are required to maintain banking secrecy.

Key figures

	2015	2014
Number of settlement transactions (in 1,000)	31,124	27,883
Deposit volume (in CHF million)	3,135,874	3,203,418

Board of Directors

Dr. Urs Rügsegger	Chairman
Dr. Stefan Mäder	Member
Robert Bornträger	Member
Josef Landolt	Member
Andreas Wolf	Member

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Risk management

General

As a part of SIX, SIX SIS Ltd is an important pillar of the Swiss financial center, laying great emphasis on reliability and security, and creating the trust that is essential for the financial center's smooth functioning. The Board of Directors of SIX approves the risk policy and delegates risk management tasks. The Board of Directors (BoD) of SIX Group decides on the risk appetite and the risk policy and delegates risk management tasks. The Risk Committee of the BoD of SIX Group is responsible for internal controls with respect to risk.

Overall responsibility for risk management lies with the members of the Group Executive Board of SIX, which is supported at group level by the specialized units Corporate Development (for strategic risks), Corporate Security Officer (for security risks) and Compliance Officer and by the Finance and Services division. Risk control measures at SIX are executed by the Chief Risk Officer and the dedicated SIX Securities Services Risk Management Team, who are independent of the line management structure and form the "second line of defense". Risk management and controlling are monitored by the internal auditors. The management of specific risks faced by SIX SIS Ltd is assumed by senior executives of SIX Securities Services, who form the "first line of defense".

Risk groups

Strategic risk and project risk

Strategic risks and project risks arise both from the implementation of SIX Securities Services Ltd's strategy and from the implementation of the strategies of the individual subsidiaries. They are the responsibility of the Group Executive Board and of the Executive Boards of the subsidiaries. Strategic risks and project risks are reviewed semi-annually based on their risk profiles.

Reputational risk

Reputational risk involves the risk of the reputation of SIX or one of its subsidiaries being tarnished. As reputational risk is largely inherent in business activities, reputational risk management mainly consists of ensuring competency, integrity, responsibility and

compliance in business activities at a group level. Reputational risk management includes all operational and strategic management instruments of SIX and SIX Securities Services, in particular financial reporting, monitoring of key performance figures and surveys of customer and staff satisfaction. A well established emergency organization system ensures that in the event of a crisis, reputational risks are kept to a minimum.

Counterparty risk (default risk, credit risk)

Credit risk, counterparty risk or default risk is defined as the danger of a loss caused by a counterparty not fulfilling its contractual obligations, i. e. a counterparty or a country becoming insolvent. This includes settlement risk or the risk of the counterparty becoming insolvent at the time when the transaction is settled.

SIX SIS Ltd applies a conservative risk and credit policy. New clients of SIX SIS Ltd are required to meet strict regulatory standards. Market clients that are not subject to adequate financial institution and money laundering regulation and supervision are not accepted. Management is effected via limits granted to the clients by the relevant bodies within SIX pursuant to the competency rules. SIX SIS Ltd applies a risk-based approach for defining the periodicity of counterparty reviews and assigns every counterparty to a risk group. Counterparties in a higher risk group (high limits, poor ratings) are reviewed more often and are monitored more closely than those in a lower risk group. For the review, the development of the participant's business, its market standing and its relationship with SIX SIS Ltd are taken into account. The limit granted mainly depends on the participant's rating, or the collateral it provides. Limits are monitored constantly.

SIX SIS Ltd is linked online and in real time with SIX Swiss Exchange and with the SIC/euroSIC systems. The system of real-time settlement of irreversible transactions on the basis of simultaneous delivery versus payment offers the best guarantee of eliminating settlement risk. This system does not function for cross-border securities transactions. The resulting receivables from and liabilities towards banks are subject to counterparty risk and – to a limited extent,

i.e. in the case of counterparty default – also market risk. These risks, which are of extremely short duration, are strictly monitored through detailed procedures for managing limits.

SIX SIS Ltd applies the Swiss standard approach during the transitional period in line with Basel III to calculate capital adequacy requirements for credit risks.

Non-counterparty-related risk

Non-counterparty-related risk is defined as the danger of a loss due to value changes or liquidation of assets that are not related to a specific counterparty. This category includes positions that concern the actual infrastructure for business activities. In particular, it includes office buildings, sundry tangible assets, software and other assets subject to depreciation.

Non-counterparty-related risks are accounted for through adequate depreciation and insurance. In particular, software is fully depreciated in the year of production or purchase.

Market risk

Market risk is the risk of a loss due to value fluctuations of a position triggered by a change in the underlying factors (e.g. equity or commodity prices, exchange rates and interest rates and their respective volatilities).

Interest rate risk

SIX SIS Ltd does not engage in conventional credit business and does not enter into material medium-term or long-term fixed interest transactions. However, interest rate fluctuations resulting from short-term investments may influence the treasury result.

Foreign currency risk

In principle, SIX SIS Ltd does not hold any foreign currency for its own account outside of OECD member states. In addition, all receivables from and liabilities towards clients and custodians are matched by currency. Currency risks are generally limited to the net amounts from interest received and paid, commissions and fees.

Operational risk

According to Basel III, operational risk is defined as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. The definition also covers all legal risks, including fines from supervisory bodies and settlements. However, strategic risks and reputational risks are excluded.

To ensure reliability as a key pillar of the Swiss financial center, SIX SIS Ltd has implemented systematic management of operational risks. Operational risk management is regulated in a framework that defines all responsibilities and processes as well as the risk appetite and risk tolerance. The framework is based on the “Principles for the Sound Management of Operational Risk” issued by the Basel Committee on Banking Supervision and the “Principles for Financial Market Infrastructure” issued by CPMI-IOSCO. The Board of Directors of SIX SIS Ltd conducts an annual review of the framework which, in conjunction with the supporting directives, forms the basis for the management of operational risks.

Operational risks are assessed by determining the potential damage. The direct financial loss is calculated, then the potential future financial impact in terms of a loss of customer trust and reputational risks is also taken into account. Any risks identified and cases of damage, along with the losses incurred, are tracked in a database and linked to the internal control system in order to systematically identify risks and support ongoing risk assessment.

Operational risk management is a task assumed at all management levels. Operational risks are limited by means of internal regulations and directives on organization and control. These allow operational risks to be tracked and reduced through systematic risk controls. These risk controls include a mechanism that enables the risk management team to identify and eliminate risks before they actually occur. As a second line of defense, the risk management team also considers instruments to reduce the effective risks. In an annual assessment, all departments evaluate the appropriateness and operational effectiveness of the internal control system and adapt it where necessary.

Business processes are reviewed continuously by the risk management team to identify and assess potential risks. The team also defines measures to further decrease operational risks. The risks identified and measures defined to minimize the risks are regularly reported to the Board of Directors and the management of SIX SIS Ltd. Business process risks are also systematically assessed by the internal audit department and adequate measures are implemented.

Together with the legal department, the SIX compliance function ensures that the business activities of SIX SIS Ltd comply with the current rules and regulations and the general obligation of a financial intermediary to exercise due diligence. These entities are responsible for implementing the requirements and developments defined by supervisory bodies, the legislator, the jurisdiction and other relevant institutions.

The risk inherent in relying on information technology is addressed by SIX SIS Ltd's business continuity planning, which is in line with customary industry practice and measures aimed at reducing the probability of such failures occurring, such as by maintaining an IT back-up center. Corresponding measures on the part of our outsourcing partners are subject to contractual agreements. Business contingency management is tested annually to ensure its efficiency. The results of this testing are reported to the Board of Directors and the management of SIX SIS Ltd. Improvement measures are also summarily approved by the Board of Directors and the management.

SIX SIS Ltd is also supervised by the Swiss National Bank in this respect pursuant to the National Bank Act.

Operational risks are backed with capital according to the basic indicator approach under Basel III.

Regulatory disclosure

In accordance with FINMA circular 08/22, margin notes 7–11, SIX SIS Ltd meets the requirements for partial disclosure.

Capital adequacy

As SIX SIS Ltd does not offer common credit services, some of the disclosure requirements are redundant and therefore obsolete.

CHF 1,000	31/12/2015	31/12/2014
Tier 1 capital	148,138	131,944
Tier 2 capital	31,400	45,264
Eligible capital	179,538	177,208
Required capital	54,681	51,739
thereof for credit risks	21,015	20,399
thereof for non-counterparty-related risks	7,163	6,559
thereof for market risks	281	742
thereof for operational risks	26,224	24,039
Tier 1 ratio	21.7%	20.4%
Capital ratio	26.3%	27.4%

The required capital shown above is calculated as 8% of risk-weighted assets. The regulatory minimum capital requirement is 10.5% of risk-weighted assets.

Leverage ratio

CHF 1,000	31/12/2015	31/12/2014
Tier 1 capital	148,138	131,944
Total exposure	4,450,542	5,567,960
Leverage ratio ¹	3.3%	2.4%

¹ Due to the core business of SIX SIS Ltd resulting in high balance sheet positions (i.e. cash at the Swiss National Bank) and therefore a low percentage of Tier 1 capital, the leverage ratio is not comparable to common retail banks.

Liquidity coverage ratio (LCR)

SIX SIS Ltd is required to fulfill the short-term LCR. The values presented are quarterly averages.

CHF 1,000/in %	High-quality liquid assets	Net outflow	LCR
Quarter ended 31 December 2014	3,625,829	2,991,523	121%
Quarter ended 31 March 2015	3,455,652	3,268,665	106%
Quarter ended 30 June 2015	2,767,010	2,123,356	130%
Quarter ended 30 September 2015	3,161,209	2,008,992	157%
Quarter ended 31 December 2015	2,637,817	1,982,276	133%

Accounting and valuation policies

All amounts shown in the financial statements have been rounded. The totals may therefore deviate from the sum of the individual values.

These financial statements have been prepared for the first time in accordance with FINMA circular 2015/01 "Accounting rules for banks" (ARB). Therefore, some prior-year balance sheet and income statement items have been regrouped to match the required structure. There were no changes in valuation, including prior-year financials.

General principles

The accounting, reporting and valuation principles for SIX SIS Ltd comply with the provisions of the Swiss Code of Obligations (CO), the accounting rules of the Swiss banking ordinance and the accounting rules for banks of the Swiss Financial Market Supervisory Authority (ARB FINMA) for statutory single-entity financial statements with reliable assessment. The

financial statement reporting date is 31 December. In general, business transactions are recorded using the trade date accounting principle. Detail positions reported under a specific balance sheet item are valued item-by-item.

In line with margin notes 327–340 of the accounting rules for banks (ARB), certain information is disclosed in the consolidated financial statements of SIX Securities Services only.

Foreign currency conversion

Transactions in foreign currencies are posted at the current exchange rates. Balance sheet items in foreign currencies are converted into Swiss francs at the exchange rates applicable on the balance sheet date, income statement items are converted on the basis of daily rates. Exchange rate gains or losses are credited or debited to the income statement.

	EUR	USD	GBP	JPY	NOK	CAD
Unit	1	1	1	100	100	1
Exchange rate as at current year-end	1.08	0.99	1.47	0.82	11.26	0.71
Exchange rate as at prior year-end	1.20	0.99	1.54	0.83	13.32	0.85

Liquid assets

Liquid assets are measured at their nominal value.

Amounts due to and from banks and customers

Receivables and liabilities in Swiss francs are recorded at their nominal values. Risks arising in respect of customer claims are taken into account by offsetting a value adjustment against the respective asset. Predictable risks of loss are accounted for through individual value adjustments and latent risks through collective value adjustments calculated on the basis of clearly defined rates. Receivables from and liabilities towards banks arise mainly from settlement activities with banks and financial organizations in Switzerland and abroad.

Amounts due from and liabilities from securities financing transactions

In accordance with the accounting guidelines, the substance over form principle applies for securities lending and repurchase transactions. Thus non-monetary values are shown in the balance sheet of the party delivering these values.

Securities lending and borrowing

SIX SIS Ltd lends and borrows non-monetary instruments such as money market papers and securities for its own account and risk (principal status). It generally only engages in trading book transactions, whereby receivables and liabilities arising from the lending or borrowing of non-monetary instruments are valued at market value. Lending transactions in securities or

money market papers are treated like repurchase agreements, provided they are covered by cash collateral and subject to daily margining. Lending transactions in securities or money market papers that are not covered by cash collateral are not included in the balance sheet, but disclosed in the notes. Fees paid and received are shown under commission income.

Repurchase and reverse repurchase agreements

Repurchase agreements are shown in the balance sheet as cash deposits against pledge of own securities. Reverse repurchase agreements are treated as loans covered by securities collateral. This emphasizes the nature of such transactions as financing instruments. The transfer of securities is treated as if the securities had been pledged as collateral to cover the loan. Fees paid and received are shown under commission income.

Positive and negative replacement values of derivative financial instruments

SIX SIS Ltd does not engage in trading activities on its own account. Replacement values arise from the market valuation of liabilities from borrowed securities.

Participations

Participations are valued according to their acquisition cost. All participations are regularly assessed with respect to a possible impairment of their value.

Tangible assets

Tangible assets are shown in the balance sheet at cost less necessary depreciation. Depreciation is calculated using the straight-line method. All tangible assets are regularly assessed with respect to a possible impairment of their value.

The following depreciation rates are applied:

Asset class	Estimated lifetime	Depreciation rate
Installations	7	14%
Furnishings and equipment	5	20%
Vehicles	5	20%
Hardware	5	20%
Buildings and building installations	35	3%
Real estate	not depreciated	0%

Real estate and buildings are to be reported separately. Real estate is not depreciated. Tangible assets are reported on a net basis, i.e. after deduction of accumulated depreciation.

Provisions

Flat-rate provisions are created to cover latent defaults in the area of short-term financing used to guarantee settlement of securities transactions, operational risks and custody risks. Further provisions are created on the basis of the expected resource outflow.

Pension benefit obligations

Pension benefit obligations are treated according to Swiss GAAP FER 16. SIX SIS Ltd offers defined contribution plans.

Other assets and liabilities

Other assets and other liabilities are shown at their nominal value.

Off-balance-sheet transactions

Off-balance-sheet transactions requiring disclosure concern irrevocable commitments.

Taxes

Current taxes are reported on an accrual basis.

Changes in accounting and valuation policies

None.

Subsequent events

No subsequent events requiring disclosure occurred.

Information on the balance sheet

1. Securities financing transactions

CHF 1,000	31/12/2015	31/12/2014
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions ¹	1,029,112	901,832
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions ¹	475,254	200,000
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements <i>with unrestricted right to resell or pledge</i>	513,696	289,583
	<i>513,696</i>	<i>289,583</i>
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	1,240,094	1,145,617
<i>of which repledged securities</i>	<i>237,266</i>	<i>200,010</i>
<i>of which resold securities</i>	<i>175,888</i>	<i>175,942</i>

¹ Before netting agreements

Breakdown by transaction type

CHF 1,000	31/12/2015	31/12/2014
Reverse repurchase agreements	1,029,112	901,832
Total amounts due from securities financing transactions	1,029,112	901,832
Repurchase agreements	475,254	200,000
Securities borrowing transactions	170,376	163,256
Total liabilities from securities financing transactions	645,630	363,256

2. Collateral for loans, receivables and off-balance-sheet transactions, as well as impaired loans and receivables

CHF 1,000	31/12/2015	31/12/2014
Amounts due from customers		
Amounts due from customers (unsecured, before netting with value adjustments)	3,717	6,585
<i>of which impaired</i>	<i>–</i>	<i>–</i>
Total before offsetting with value adjustments	3,717	6,585
Total after offsetting with value adjustments	3,717	6,585
Off-balance-sheet transactions		
Irrevocable commitments (unsecured)	24	14

SIX SIS Ltd does not offer common credit service. Therefore, all amounts from customers are uncovered. The irrevocable commitments are towards the depositor protection scheme under the Swiss Banking Act.

3. Derivative financial instruments

CHF 1,000	Trading instruments		
	Positive replacement values	Negative replacement values	Contract volumes
Interest rate-related instruments			
Forward contracts	52	624	64,542
Equity securities and indices			
Forward contracts	641	460	106,225
Total before netting agreements	693	1,083	170,767
<i>Previous year</i>	<i>351</i>	<i>1,307</i>	<i>152,837</i>
Recognized netting agreements	–	–	–
Total after recognized netting agreements	693	1,083	170,767
<i>Previous year</i>	<i>351</i>	<i>1,307</i>	<i>152,837</i>
Unrecognized netting agreements	–	–	–
Total after netting agreements	693	1,083	170,767
<i>Previous year</i>	<i>351</i>	<i>1,307</i>	<i>152,837</i>

SIX SIS Ltd does not engage in trading activities on its own account. Replacement values arise from the market valuation of liabilities from borrowed securities. No derivative transactions were carried out for own

purposes (i.e. hedging). No internal model was used to calculate the fair values of the derivative financial instruments.

Breakdown by counterparty

CHF 1,000	Central clearing houses	Banks	Total
Positive replacement values (after netting agreements)	–	693	693

4. Other assets and liabilities

CHF 1,000	Other assets		Other liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
SECOM settlement accounts	7,243	1,846	12,521	7,361
Indirect taxes	843	1,079	28,323	31,746
Compensation account	–	–	–	–
Sundry assets and liabilities	1	960	2,598	2,248
Total	8,087	3,885	43,441	41,355

5. Assets pledged or assigned to secure own commitments

As at the balance sheet date, no assets were pledged or assigned to secure own commitments.

6. Breakdown of assets by country rating

Country rating	31/12/2015		31/12/2014	
	in CHF 1,000	in %	in CHF 1,000	in %
AAA–AA	5,467,725	99.8%	6,458,451	99.8%
A	2,138	0.0%	1,313	0.0%
BBB	7,696	0.1%	8,430	0.1%
BB	2,073	0.0%	3,337	0.1%
B and lower	10	0.0%	23	0.0%
Total assets	5,479,643	100.0%	6,471,554	100.0%

The rating categories presented above are based on the rating scale of Swiss Export Risk Insurance (SERV).

7. Pension funds

Employer contribution reserves

CHF 1,000	Note	31/12/2015	31/12/2014
Nominal value as at previous year–end		10,771	19,143
– creation		–	–
– transfer to/from other group entities		91	–4,774
– withdrawal		–	–3,598
Nominal value as at current year–end		10,862	10,771
<i>of which with waiver of use</i>		<i>10,862</i>	<i>10,771</i>
Value adjustments offset	8	–10,862	–10,771
Net value as at current year–end		–	–

The influence of employer contribution reserves on personnel expenses was CHF 0 (previous year: CHF –4,774 thousand).

Economic benefit from surplus cover and pension fund expenses

SIX SIS Ltd is connected to the pension fund of SIX Group. The coverage ratio of the Occupational Benefits Foundation of SIX was 118.7% as at the last audited financial statements (2014). SIX SIS Ltd does not gain any economic benefits in the event of surplus cover. SIX SIS Ltd offers defined contribution plans.

As at the balance sheet date, SIX SIS Ltd had no liabilities in excess of the regulatory contributions. The Occupational Benefits Foundation of SIX does not hold any equity instruments of SIX SIS Ltd.

Pension fund expenses amounted to CHF 3,930 thousand in the current year (previous year: CHF 3,631 thousand).

8. Value adjustments and provisions

CHF 1,000	Balance at previous year-end	Use in conf. with designated purpose	New creations charged to income	Releases to income	Balance at current year-end
Provisions for default risks	2,599		936	-752	2,783
Provisions for operational risks	11,832	-336	422	-11,740	178
Provisions for custody ¹	57,662		1,580	-19,241	40,000
Provisions for legal risks	1,878		122		2,000
Other provisions ²	-		1,331	-38	1,294
Total provisions	73,971	-336	4,390	-31,770	46,254
Offset value adjustments²	10,771	-	91	-	10,862

¹ See Note 14 "Losses and extraordinary items"

² New creations charged to income is a transfer from another group entity and had no effect on SIX SIS Ltd's income statement.

Provisions for default risks depend on the balances as at the balance sheet date according to the following rates:

Account type	31/12/2015	31/12/2014
Nostro accounts	0.25%	0.25%
Placements (investments/receivables from third-party banks)	0.15%	0.15%
Short-term interim financing granted to clients on an unsecured basis	1.00%	1.00%
Short-term interim financing granted to clients on a secured basis	0.20%	0.20%

Provisions for operational risks are calculated on the basis of actual operational risks. Provisions for custody are created up to a maximum of CHF 40 million (previous year: 0.0018% of the assets under custody). Changes since the previous year are recognized in the income statement.

Value adjustments are created for defaulting debtors (see note 2) and employer contribution reserves with waiver of use (see note 7).

9. Bank's capital and significant shareholders

1,000 Units/CHF 1,000	Number of shares	Total nominal value	Capital eligible for dividend
Bank's capital at previous year-end	260	26,000	26,000
Bank's capital at current year-end	260	26,000	26,000

All registered shares, and therefore all voting rights (1 share = 1 vote) of SIX SIS Ltd are held by its parent company, SIX Securities Services Ltd. The bank's capital is fully paid in. As there is no capital increase planned, no authorized or conditional capital exists.

SIX Securities Services Ltd is wholly owned by SIX Group Ltd. Approximately 140 banks hold shares in SIX Group Ltd, but no bank holds more than 20% of SIX Group Ltd's total equity. The shares are widely distributed, i.e. no single owner or bank category has

an absolute majority. All shareholders are bound by a shareholders' agreement.

Therefore, no securities are held by executives, directors or employees. Furthermore, no employee participation scheme is in place.

The legal reserves below 50% of the nominal share capital are not freely distributable and may only be used to cover losses.

Shareholders with more than 5% of all voting rights in SIX Group Ltd

CHF 1,000/in %	31/12/2015		31/12/2014	
	Nominal value	% of equity	Nominal value	% of equity
UBS AG consolidated	3,380	17.3%	3,380	17.3%
Credit Suisse Group consolidated	2,500	12.8%	2,500	12.8%
Raiffeisen Group consolidated	1,344	6.9%	1,094	5.6%

10. Transactions with related parties

All transactions with related parties and other entities of SIX Group Ltd are conducted at prices in line with the market ("at arm's length").

CHF 1,000	Assets		Liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
SIX Securities Services Ltd	93	–	3,307	1,159
SIX x-clear Ltd	63,986	101,279	891,162	750,079
Other companies of SIX Group	3,241	1,988	14,572	14,224
Qualified indirect shareholders (>10% of equity)	37,686	60,464	1,446,490	1,402,175

Intragroup income and expenses

The following figures show income from and expenses paid to other entities of SIX Securities Services.

CHF 1,000/in %	2015		2014	
	CHF	% of item	CHF	% of item
Result from interest operations	5,615	53.0%	–	0.0%
Result from commission business and services	697	0.3%	424	0.2%
Result from trading activities	–8	–2.2%	–22	–24.9%
Result from other ordinary activities	5,295	40.8%	5,328	39.4%
Operating expenses	–14,972	14.6%	–27,393	28.3%
Net intragroup income and expenses	–3,373		–21,663	

Information on the income statement

11. Result from trading activities

CHF 1,000	2015	2014
Net valuation result from the conversion of foreign exchange positions	-351	-90
Total result from trading activities	-351	-90

12. Personnel expenses

CHF 1,000	2015	2014
Salaries (incl. bonuses)	-37,542	-33,409
Social insurance benefits	-7,167	-6,577
Other personnel expenses	-2,220	-1,951
Total personnel expenses	-46,930	-41,937

13. General and administrative expenses

CHF 1,000	2015	2014
SECOM expenses, cost of equipment	-57,129	-58,173
Consultancy and other services	-30,652	-26,548
Audit fees	-263	-489
<i>of which for auditing services</i>	<i>-165</i>	<i>-223</i>
<i>of which for other services</i>	<i>-98</i>	<i>-266</i>
Cost of premises	-4,309	-5,239
Advertising and marketing expenses	-3,622	-3,106
Indirect taxes and other fees	-784	-780
Other operating expenses	-5,466	-2,616
Total general and administrative expenses	-102,224	-96,951

14. Losses and extraordinary items

In the reporting year, equity instruments disclosed as participations were sold. This transaction resulted in extraordinary income of CHF 83 thousand.

Furthermore, extraordinary income includes a release of hidden reserves (provisions) of CHF 17.7 million.

15. Taxes

CHF 1,000	2015	2014
Income (expenses) for taxes in previous years	228	425
Expenses for current taxes	-17,729	-12,245
Increase of provisions for deferred taxes	-	-
Total taxes	-17,501	-11,820
Weighted average tax rate on operating result	-27.73%	-21.48%
Weighted average tax rate on adjusted operating result (including extraordinary items)	-21.70%	-21.48%

16. Result from interest operations

According to the accounting rules for banks (ARB FINMA), negative interest paid is to be offset against interest income, while negative interest received is to be offset against interest expenses. In the reporting year, negative interest paid amounted to CHF 15,382 thousand (prior year: CHF 0), while negative interest

received amounted to CHF 20,704 thousand (prior year: CHF 0). The following table shows the result from interest operations as if negative interest paid was included in the position "Interest expenses" and interest received was included in the position "Interest and discount income".

CHF 1,000	Income statement	Adjustment neg. interest	Adj. income statement
Interest and discount income	-8,047	36,086	28,039
Interest expenses	18,638	-36,086	-17,448
Gross result from interest operations	10,591	-	10,591
Changes in value adjustments for default risks	-	-	-
Result from interest operations	10,591	-	10,591

Information on off-balance-sheet transactions

17. Contingent liabilities and subordinated assets and liabilities

Joint liability from consolidated value-added tax filing status	p.m.	p.m.
Subordinated assets and liabilities	–	–



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To the General Meeting of
SIX SIS Ltd, Olten

Zurich, 6 April 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of SIX SIS Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 3 to 23), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31. December 2015 comply with Swiss law and the company's articles of incorporation.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd

A handwritten signature in blue ink, appearing to read 'RSenteler'.

Dr. Roger Senteler
Licensed audit expert
(Auditor in charge)

A handwritten signature in blue ink, appearing to read 'PBerli'.

Pascal Berli
Licensed audit expert

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