Financial Statements 2014

Unlocking the potential.

Table of contents

SIX Key figures

CHF million	2014	2013
Total operating income	1,802.2	1,582.7
Total operating expenses	–1,572.4	–1,386.6
Share of profit of associates	26.6	24.4
Net financial result	33.6	24.0
Earnings before interest and tax (EBIT)	290.0	244.6
Group net profit	247.2	210.2

CHF million	31/12/2014	31/12/2013
Total assets	9,758.6	7,985.0
Total liabilities	7,501.8	5,800.3
Total equity	2,256.8	2,184.7

CHF million	2014	2013
Cash flow from operating activities	1,581.0	232.1
Cash flow from investing activities	71.7	–435.7
Cash flow from financing activities	–119.9	–291.5

Workforce (full-time equivalents)	31/12/2014	31/12/2013
Total SIX	3,824.8	3,777.3

Ratios	2014	2013
Earnings per share (in CHF)	12.95	10.87
EBIT margin (in %)	16.1	15.5
Return on equity (in %, average[1])	11.1	9.4
Equity ratio[2] (in %, average[1])	72.5	77.4

[1] Average for balance sheet items in the reporting period (see note 22)

[2] Total equity/(total adjusted liabilities + total equity); total adjusted liabilities (2014: CHF 841.9 million/2013: CHF 652.0 million) equal total average liabilities (2014: CHF 6,651.1 million/2013: CHF 5,732.8 million) less average payables from clearing & settlement (2014: CHF 5,751.0 million/2013: CHF 5,040.2 million) less average negative replacement values from clearing & settlement (2014: CHF 58.1 million/2013: CHF 40.6 million). The decrease in the equity ratio in comparison to the previous year is mainly due to the increase in total adjusted liabilities, which was primarily caused by the increase in the trade and other payables balance sheet position as a result of an acquisition in 2013.

SIX consolidated financial statements 2014

Full-year report of SIX as at 31 December 2014

SIX implements growth strategy successfully

SIX achieved excellent results in the 2014 financial year. All four business areas boosted their earnings, with some of them increasing their profits significantly. At the same time, SIX developed its international business substantially, particularly through the acquisition of PayLife and the expansion of the clearing business. Adjusted for acquisitions, operating income rose by 2.6% to CHF 1,802.2 million. Thanks to strict cost discipline, earnings before interest and tax (EBIT) went up 18.5% to CHF 290.0 million. SIX ended the 2014 reporting year with a Group net profit of CHF 247.2 million, up 17.6% on the previous year.

SIX boosted revenues in all business areas for the second year in a row. Total operating income rose by 13.9% or CHF 219.5 million to CHF 1,802.2 million. Organic growth was 2.6%. The first-time full consolidation of Austrian bank PayLife, which SIX acquired in September 2013, made a significant contribution to this increase. Growth of 9.3% in post-trading was well above expectations. This development was primarily attributable to volume growth in the clearing business, as well as higher trading activity. In exchange trading, the introduction of a new price model pushed up the market share for trading in Swiss blue chip stocks from 66.0% to 68.1%. The increasing regulation of the financial sector opened up new business opportunities, especially in the Financial Information business area. The proportion of revenue generated abroad rose from 29.2% to 37.5% across all business areas. About a quarter of all revenue originates in Austria and Luxembourg, which now both count as domestic markets of the Payment Services business area. In 2014 SIX thus made a significant step forward in the implementation of its growth strategy.

Significant improvement in profitability

SIX faces persistently high pressure on margins and costs in all areas. In order to remain profitable, SIX is therefore committed to rigorous cost control. For the Group as a whole, operating expenses rose by a total of CHF 185.9 million to CHF 1,572.4 million, of which CHF 172.0 million is attributable to the integration of PayLife. Adjusted for the acquisition effect, expenses increased by just 1.0%.

The **Financial Information** business area made the largest contribution to the increase in profits. Thanks to the latter's successful turnaround, its EBIT shot up over 400% to CHF 45.8 million. This business area's profitability gap was therefore reduced further. The **Swiss Exchange** business area generated the largest EBIT, at CHF 104.1 million (+9.7%). **Payment Services** recorded a drop in EBIT owing to increasing pressure on margins in the Swiss acquiring business and the cost of the PayLife integration. **Securities Services** also reported a decline in EBIT as a result of an impairment on Oslo Clearing. The encouraging trend on the equity markets led to the net financial result increasing to CHF 33.6 million (previous year: CHF 24.0 million). Group net profit for 2014 climbed by an extremely pleasing 17.6% to CHF 247.2 million.

Consolidated income statement

CHF million	Notes*	2014	2013
Commission revenues		639.8	542.1
Transaction revenues		453.4	388.2
Service revenues		619.5	586.1
Net interest income from banking business	5	4.6	3.3
Other operating income	6	84.9	63.1
Total operating income		**1,802.2**	**1,582.7**
Personnel expenses	7, 35	–603.4	–572.9
Other operating expenses	8	–869.1	–702.6
Depreciation, amortization and impairment	20, 21	–99.9	–111.0
Total operating expenses		**–1,572.4**	**–1,386.6**
Operating profit		**229.8**	**196.2**
Share of profit of associates	30	26.6	24.4
Financial income	9	50.4	45.8
Financial expenses	9	–16.9	–21.8
Earnings before interest and tax (EBIT)		**290.0**	**244.6**
Interest income	10	10.4	11.5
Interest expenses	10	–5.5	–4.9
Earnings before tax (EBT)		**294.9**	**251.1**
Income tax expenses	12	–47.7	–41.0
Group net profit		**247.2**	**210.2**
of which attributable to shareholders of SIX Group Ltd		*244.8*	*205.5*
of which attributable to non-controlling interests		*2.3*	*4.6*
Earnings per share (CHF)			
Basic profit for the period attributable to shareholders of SIX Group Ltd	11	12.95	10.87
Diluted profit for the period attributable to shareholders of SIX Group Ltd		12.95	10.87

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

Consolidated statement of comprehensive income

CHF million	Notes*	2014	2013
Group net profit		**247.2**	**210.2**
Change in actuarial gains/(losses) on defined benefit plan recognized in the reporting period	35	–105.3	26.9
Income taxes on changes in actuarial gains/(losses) on defined benefit plan	13	22.7	–9.1
Change in actuarial gains/(losses) on defined benefit plan, net of tax		**–82.5**	**17.7**
Total items that will not be reclassified to profit or loss		**–82.5**	**17.7**
Translation adjustment recognized in the reporting period (incl. share of associates)		–0.6	–1.1
Currency translation adjustment		**–0.6**	**–1.1**
Changes in fair value of cash flow hedges recognized in the reporting period		0.4	–3.3
Fair value of cash flow hedges reclassified to the balance sheet	31	2.9	–
Change in fair value of cash flow hedge, net of tax		**3.3**	**–3.3**
Total items that are or may be subsequently reclassified to profit or loss		**2.7**	**–4.4**
Total other comprehensive income, net of tax		**–79.8**	**13.3**
Total comprehensive income for the period		**167.4**	**223.5**
of which attributable to shareholders of SIX Group Ltd		*165.0*	*218.6*
of which attributable to non-controlling interests		*2.3*	*4.9*

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

Consolidated balance sheet

CHF million	Notes*	31/12/2014	31/12/2013
Assets			
Cash and cash equivalents	14	5,103.4	3,595.6
Trade and other receivables	15	626.0	787.8
Receivables from clearing & settlement	16	2,267.9	1,882.0
Financial assets	17, 27, 28	659.7	540.9
Inventories	18	17.2	18.3
Current income tax receivables	12	2.9	5.9
Other current assets	19	63.6	57.6
Current assets		**8,740.7**	**6,888.1**
Property, plant and equipment	20	232.8	242.0
Intangible assets	21	211.5	208.5
Investments in associates	30	221.5	217.9
Financial assets	17, 27, 28	320.7	337.4
Assets from pension fund benefits	35	–	74.7
Other non-current assets	19	9.0	6.4
Deferred tax assets	13	22.3	10.0
Non-current assets		**1,017.9**	**1,096.9**
Total assets		**9,758.6**	**7,985.0**
Liabilities			
Bank overdrafts	14	35.4	47.7
Trade and other payables		320.3	330.6
Payables from clearing & settlement	16	6,600.0	4,902.1
Financial liabilities	27, 28	96.0	98.3
Provisions	24	14.7	10.0
Current income tax payables	12	37.5	31.9
Other current liabilities	25	269.7	254.5
Current liabilities		**7,373.4**	**5,675.0**
Financial liabilities	27, 28	6.7	6.7
Provisions	24	26.8	33.0
Other non-current liabilities	25	48.2	13.9
Deferred tax liabilities	13	46.7	71.7
Non-current liabilities		**128.4**	**125.3**
Total liabilities		**7,501.8**	**5,800.3**
Equity			
Share capital		19.5	19.5
Capital reserves		385.4	480.0
Other reserves		–26.4	–29.2
Retained earnings		1,871.2	1,708.9
Shareholders' equity	23	**2,249.7**	**2,179.3**
Non-controlling interests	30	7.0	5.4
Total equity		**2,256.8**	**2,184.7**
Total liabilities and equity		**9,758.6**	**7,985.0**

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

Consolidated statement of changes in equity

CHF million	Notes*	Share capital	Capital reserves	Other reserves
Balance at 1 January 2014		**19.5**	**480.0**	**–29.2**
Group net profit				
Total other comprehensive income				2.7
Total comprehensive income for the year				**2.7**
Dividends paid	22		–94.6	
Contribution by and distribution to owners of SIX			**–94.6**	
Balance at 31 December 2014		**19.5**	**385.4**	**–26.4**

CHF million	Notes*	Share capital	Capital reserves	Other reserves
Balance at 1 January 2013		**19.5**	**770.5**	**–24.5**
Group net profit				
Total other comprehensive income				–4.6
Total comprehensive income for the year				**–4.6**
Dividends paid	22		–290.5	
Contribution by and distribution to owners of SIX			**–290.5**	
Acquisition of non-controlling interests	31			
Change in scope of consolidation	30			
Changes in ownership interests in subsidiaries				
Balance at 31 December 2013		**19.5**	**480.0**	**–29.2**

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

			Other reserves				
	Treasury shares	Hedging reserves	Translation reserves	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	–23.3	–3.3	–2.5	**1,708.9**	**2,179.3**	**5.4**	**2,184.7**
				244.8	244.8	2.3	247.2
		3.3	–0.6	–82.5	–79.8	0.0	–79.8
		3.3	–0.6	**162.3**	**165.0**	**2.3**	**167.4**
					–94.6	–0.7	–95.3
					–94.6	**–0.7**	**–95.3**
	–23.3	–	–3.1	**1,871.2**	**2,249.7**	**7.0**	**2,256.8**

			Other reserves				
	Treasury shares	Hedging reserves	Translation reserves	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	–23.3	–	–1.2	**1,495.5**	**2,261.0**	**17.2**	**2,278.2**
				205.5	205.5	4.6	210.2
		–3.3	–1.3	17.7	13.0	0.3	13.3
		–3.3	–1.3	**223.2**	**218.6**	**4.9**	**223.5**
					–290.5	–1.3	–291.9
					–290.5	**–1.3**	**–291.9**
				–9.8	–9.8	–15.7	–25.5
				–0.1	–0.1	0.4	0.3
				–9.8	**–9.8**	**–15.3**	**–25.1**
	–23.3	–3.3	–2.5	**1,708.9**	**2,179.3**	**5.4**	**2,184.7**

Consolidated statement of cash flows

CHF million	Notes*	2014	2013
Group net profit (incl. non-controlling interests)		247.2	210.2
Adjustments for:			
Depreciation, amortization and impairment	20, 21	99.9	111.0
Increase/(decrease) in provisions	24	–1.5	4.0
(Increase)/decrease in pension fund assets and liabilities	35	3.2	11.5
Share of profit of associates	30	–26.6	–24.4
Net financial result	9	–33.6	–24.0
(Gain)/loss on sale of property, plant, equipment and intangible assets		2.7	0.9
(Gain)/loss on settlement and curtailment	35	–0.4	–0.8
Income tax expense	12	47.7	41.0
Changes in:			
Inventories		0.9	2.2
Trade and other receivables		153.6	–36.0
Trade and other payables		–4.7	1.8
Receivables from clearing & settlement		–390.8	306.1
Payables from clearing & settlement		1,522.6	–302.5
Current financial assets		2.1	–39.8
Current financial liabilities		–8.1	16.8
Other current assets		–5.6	3.3
Other current liabilities		17.2	–15.0
Interest paid		–0.9	–1.1
Interest received		10.4	4.8
Income tax (paid)/received	12	–54.3	–37.7
Net cash flow from operating activities		**1,581.0**	**232.1**
Investments in subsidiaries (net of cash acquired incl. bank overdrafts)		127.0	–204.8
Disposal of associates	30	8.1	0.3
Purchase of property, plant, equipment and intangible assets	20, 21	–89.5	–73.0
Sale proceeds from property, plant, equipment and intangible assets	20, 21	4.3	0.6
Investment in non-current financial assets	17	–1.0	–181.5
Divestment of non-current financial assets	17	1.3	0.2
Net change in other non-current assets		–2.6	1.6
Other financial income received		2.5	–
Dividends received		21.7	20.9
Net cash flow from/(used in) investing activities		**71.7**	**–435.7**
Acquisition of non-controlling interests	31	–24.6	–
Capital increase by non-controlling interests		–	0.4
Dividends paid to shareholders of the parent company	22	–94.6	–290.5
Dividends paid to non-controlling interests		–0.7	–1.3
Net cash flow from/(used in) financing activities		**–119.9**	**–291.5**
Net impact of foreign exchange rate differences on cash		–12.8	–2.0
Net change in cash and cash equivalents		**1,520.1**	**–497.0**
Balances of cash and cash equivalents			
Cash and cash equivalents at 1 January		3,547.9	4,044.9
Cash and cash equivalents at 31 December	14	5,068.0	3,547.9

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

Basis of preparation

1. General information

SIX provides a comprehensive range of services in the areas of securities trading and post-trading, financial information processing and cashless payment transactions.

SIX Group Ltd is an unlisted public limited company domiciled in Switzerland with its registered office in Zurich, at Selnaustrasse 30. The company is owned by approximately 140 national and international financial institutions.

The consolidated financial statements of SIX as at and for the year ended 31 December 2014 comprise SIX Group Ltd (the "Company"), which is the parent company, and its subsidiaries as well as interests that SIX has in associates (together referred as the "Group" or "SIX"). A table of the Group subsidiaries and interests in associates is set out in note 30.

The Board of Directors of SIX approved the issuance of these consolidated financial statements on 8 April 2015.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements of SIX have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The reporting period covers twelve months. Unless otherwise indicated, all amounts are stated in millions of Swiss francs (CHF) and all values are rounded to the nearest hundred thousand. The annual closing date for all the individual subsidiaries' accounts is 31 December. For all the consolidated companies, the financial year corresponds to the calendar year.

The consolidated financial statements provide comparative information in respect of the previous period.

The SIX consolidated financial statements have been prepared on a historical cost basis, except for certain items such as financial instruments at fair value through profit or loss and derivatives, which have been measured at fair value, as disclosed in the accounting policies below.

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method at the date of acquisition, which is the date on which SIX obtains control. SIX has control over an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee.

At the time of acquisition, all identifiable assets and liabilities that satisfy the recognition criteria are recognized at their fair values. The difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed is accounted for as goodwill after taking into account of any non-controlling interests and, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree. Any negative difference, after further review, is recognized in the income statement. Directly attributable transaction costs are reported as other operating expenses.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration will be recognized in the income statement.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Group balances, transactions, any unrealized gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

Non-controlling interests arise when SIX Group Ltd directly or indirectly holds less than 100% of a subsidiary but does control the subsidiary. Non-controlling interests in subsidiaries are reported separately within equity. Profit or loss and total other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, SIX ceases to recognize the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the income statement. The interest retained is measured at fair value at the date when control is lost. Subsequently, it is accounted for as an investment using the equity method or as a financial asset at fair value through profit or loss, depending on the level of influence retained.

Investments in associates

Investments in associates are accounted for using the equity method. Associates are those entities where SIX has significant influence over the financial and operating policies but does not exercise control. Significant influence is generally assumed to exist whenever voting rights ranging between 20% and 50% are held. Under the equity method, investments in associates are initially recognized at cost at the date of acquisition. Cost comprises the share of net assets acquired and any applicable goodwill arising. In subsequent accounting periods, the carrying amount of the investment is adjusted by the share of profit or loss and other comprehensive income less the share of dividends distributed. Unrealized gains and losses from transactions with associates are eliminated in proportion to the interest held in the associate; unrealized losses only to the extent that there is no evidence of impairment.

Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Swiss francs, which is also the functional currency of SIX Group Ltd. Each subsidiary prepares its own financial statements in its functional currency, i.e. in the currency of the primary economic environment in which it operates.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities in their respective functional currency using the exchange rates prevailing at the dates of the transactions.

Exchange rate gains and losses arising between the date of a transaction and its settlement and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement within financial income or expenses.

Non-monetary items recognized at historical cost are measured at the historical exchange rates, while non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any exchange rate gains and losses resulting from the foreign currency translation are recorded in the income statement as part of the fair value gain or loss.

The main exchange rates at the closing dates are:

Currency	31/12/2014	31/12/2013
EUR	1.2026	1.2250
GBP	1.5396	1.4649
USD	0.9901	0.8883
SEK	12.7753	13.8264

The main annual average exchange rates are:

Currency	2014	2013
EUR	1.2147	1.2311
GBP	1.5067	1.4497
USD	0.9150	0.9270
SEK	13.3605	14.2348

Foreign operations

The income statements of subsidiaries with a functional currency other than the Swiss franc are translated at the average exchange rate. Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the closing exchange rate. Foreign exchange translation differences are recognized as currency translation adjustments in other comprehensive income and presented in other reserves in equity. On the loss of control of a subsidiary, the accumulated exchange rate differences previously recognized in other reserves in equity are reclassified to the income statement as part of the gain or loss on disposal.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting to the Group Executive

Board of SIX and the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the SIX Group CEO. Management has determined the reportable operating segments based on the reports regularly reviewed by the CODM.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, giro and demand deposits at the Swiss National Bank, deposits held at call with banks and short-term deposits with a maximum maturity of three months from the date of initial recognition. Cash and cash equivalents are classified as current.

Cash and cash equivalents are stated at amortized cost, which is similar to the nominal value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of bank overdrafts.

Trade and other receivables

Trade and other receivables and advances are recognized initially at fair value including directly related transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost less impairment losses.

Accounts receivables are classified as current if payment is due within one year. If not, they are presented as non-current.

Receivables and payables from clearing & settlement

Beside the receivables and payables from clearing & settlement incurred in the card business, these also comprise vostro accounts of participants for securities transactions and nostro accounts of SIX Securities Services with cash correspondent banks, sub-custodians and other central securities depositories. These vostro and nostro accounts are on sight and carried at nominal value.

Financial assets

General criteria

Financial assets are generally recognized at the trade date. Non-fulfilled transactions from the clearing business are recognized at the settlement date.

SIX classifies its financial assets into the following two categories: a) financial assets at amortized cost and b) financial assets at fair value through profit or loss. The classification depends on the business model of SIX for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are initially recognized at their fair value plus, for financial assets not subsequently measured at fair value through profit or loss, directly attributable transaction costs.

Financial assets at amortized cost

A financial asset is carried at amortized cost if both of the following criteria are met: a) the financial asset is held within a business model whose objective is to hold these assets in order to collect contractual cash flows, and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition such financial assets are measured at amortized cost by applying the effective interest method. Gains or losses are recognized in the income statement when the financial asset is derecognized or impaired and through the amortization process using the effective interest method. This category consists of cash deposits with a maturity of more than three months from the date of initial recognition as well as other debt instruments.

Financial assets at fair value through profit or loss

If either of the above two criteria for financial assets at amortized cost is not met, the financial asset is classified as measured at fair value through profit or loss (FVtPL). Gains and losses arising from changes in the fair value are reported in financial income or expenses. This category consists of equity instruments, units in investment funds and financial instruments from the settlement business of SIX.

SIX has not designated any investments as measured at FVtPL to eliminate or significantly reduce an accounting mismatch. For all equity instruments, SIX has not made the irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss.

Impairment of financial assets

Financial assets that are measured at amortized cost are tested at each reporting date for any objective evidence of impairment to these assets, at both an individual and collective level.

An impairment loss is recognized where there is objective evidence of impairment, such as the downgrading of the credit rating or significant financial difficulties of the obligors or issuers.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is recorded in the income statement. If, at a subsequent reporting date, the fair value objectively increases as a result of events occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal of impairment losses for financial assets measured at amortized cost is recognized in the income statement.

If the Group concludes that no objective evidence of impairment exists for an individually tested financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively tests them for impairment. Assets that are individually tested for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective test of impairment.

Derivatives

Derivative financial instruments

SIX uses derivative financial instruments to mitigate its exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are recognized initially and subsequent to initial recognition at fair value. Gains or losses relating to changes in fair value are recognized immediately in the income statement. Apart from forward contracts from the clearing and settlement business of SIX, this category includes in particular forward foreign exchange transactions and foreign currency swaps.

All derivative financial instruments are included under financial assets if their fair value is positive and under financial liabilities if their fair value is negative.

Financial instruments in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

Hedging activities (cash flow hedge)

In rare circumstances, SIX hedges cash flows of highly probable forecast transactions. In this case, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within the financial result.

If a hedging instrument is exercised or the conditions for hedge accounting are no longer satisfied, the cumulative changes of the fair value remain in equity until the expected underlying transaction has taken place. If the expected underlying transaction is no longer likely to occur, the amounts accumulated in equity are transferred to the income statement. At the time when the underlying transaction results in the recognition of a non-financial asset, the gains and losses previously recognized in equity are removed from the reserve and included in the initial cost of the non-financial asset.

SIX documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objectives and strategy. SIX also documents its assessment, both at hedge inception (prospective hedge test) and on an ongoing basis (retrospective hedge test), whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Repurchase and reverse repurchase agreements, securities lending and borrowing

Repurchase agreements with securities are only entered into for the own account of SIX (principal). The securities which have been transferred are not recognized in or derecognized from the balance sheet unless the risks and rewards of ownership are also transferred.

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are generally treated as collateralized financing transactions. In reverse repurchase agreements, the cash delivered is derecognized and a corresponding receivable is recorded in the balance sheet. In repurchase agreements, the cash received is recognized in the balance sheet with a corresponding obligation to return it. Securities received in a reverse repurchase agreement are disclosed in the notes if SIX has the right to resell or repledge them.

Securities borrowing and lending transactions are, similarly to repurchase and reverse repurchase transactions, treated like collateralized financing transactions if they are covered with cash collateral and daily margin settlements. Securities borrowing and lending transactions which are not covered with cash collateral are not recognized in the balance sheet, but rather disclosed in the notes. Cash collateral received is recognized with a corresponding obligation to return it, and cash collateral delivered is derecognized with a corresponding receivable. Both are carried at nominal value. Securities received in a lending or borrowing transaction are disclosed in the notes if SIX has the right to resell or repledge them.

Derecognition of financial assets
Financial assets are derecognized when the contractual rights to receive cash flows have expired or when substantially all the risks and rewards of ownership of the financial assets are transferred.

Offsetting of financial assets
Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, there is a legally enforceable right to offset the recognized amounts and there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value represents the estimated selling price for inventories in the ordinary course of business, less the estimated costs of completion and selling expenses.

Any write-downs and reversals of write-downs of inventories and any inventory losses are also recognized as an expense when they occur.

When inventories are sold and revenue is recognized, the carrying amount of those inventories is recognized as expenses for inventories in the income statement, except for prepaid calling cards and POS-activated PINs (mobile vouchers). For sales of mobile vouchers where SIX earns commission, revenues are recognized on a net basis in accordance with IAS 18, as SIX is not the primary obligor towards its customer and does not incur inventory risk.

Property, plant and equipment
Assets included under property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure directly attributable to the acquisition of the items. Repair and maintenance costs are recognized in the income statement as incurred. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Land has an unlimited useful life and is therefore not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost over the estimated useful lives of each component, as follows:

Asset class	Estimated useful life
Land	Impairment only
Buildings (excluding land)	8 – 60 years
Technical infrastructure	3 – 30 years
Leasehold improvements	Amortized in line with the term of the property lease
IT mainframes	4 years
IT midrange	3 years
IT other hardware	3 – 5 years
Office equipment and furniture	3 – 7 years
Other fixed assets	3 – 5 years

Depreciation starts when the asset is available for use.

The assets' residual values, their useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are calculated as the difference between the net proceeds and the carrying amount and are recognized in the income statement.

Intangible assets
Goodwill
SIX measures goodwill at the acquisition date at cost (see also *Business combinations*). Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis and in addition when indicators of impairment exist. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

In respect of investments in associates, the carrying amount of goodwill is included in the carrying amount of the investment and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Other intangible assets excluding goodwill
Intangible assets that are acquired by SIX and have a finite useful life are measured at cost less accumulated amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset it relates to. Other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Software development expenditure for self-developed intangible assets is capitalized only if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and SIX intends to and has sufficient resources to complete development and to use or sell the asset. Research costs are expensed as incurred.

Depreciation starts if the internally developed asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets with a finite useful life are depreciated on a straight-line basis over their estimated useful lives:

Asset class	Estimated useful life
Licenses, brands and client relationships	5 – 10 years
Software	3 – 5 years
Other intangible assets	3 – 5 years

Amortization methods, useful lives and residual values are reassessed annually and adjusted if appropriate.

Impairment of non-financial assets

Goodwill and other intangible assets with an indefinite useful life, including intangible assets not yet ready for use, are not subject to amortization and are tested for impairment on an annual basis and whenever there is an indication that the asset may be impaired.

Assets classified under property, plant and equipment, including those not yet ready for use, that are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of impairment testing, assets are tested individually or grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, CGUs). Goodwill is allocated to the CGU at which it is monitored for internal management purposes and which is not larger than an operating segment.

If the carrying amount of the assets exceeds the recoverable amount, an impairment equal to the difference between the carrying amount and the recoverable amount is recognized as an impairment loss in the income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

Any impairment loss on goodwill recognized in prior periods may not be reversed in subsequent periods. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities

Apart from the negative fair value of derivative financial instruments (see *Derivatives*), financial liabilities comprise short-term borrowings. Borrowings are initially recognized at fair value including transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

Leases

General criteria

Leasing includes all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment. Lease agreements which transfer substantially all the risks and rewards incidental to ownership of the leased item to SIX are classified as finance leases. All other lease agreements are classified as operating leases.

SIX is a lessee of premises, IT equipment and vehicles and a lessor of payment terminals and premises. These lease agreements are classified and recorded as operating leases.

Operating leases

SIX as lessee

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease agreement.

SIX as lessor

Operating lease equipment is carried initially at its acquisition or manufacturing cost. The leased asset is depreciated according to the depreciation policies of SIX for property, plant and equipment on a straight-line basis to its expected residual value or over the contractual term of the lease, respectively. Rental income from operating leases is recognized on a straight-line basis over the term of the lease agreement in the income statement as other operating income.

Provisions

General criteria

Provisions are recognized when SIX has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are not recognized for future operating losses.

The amount recognized as a provision is the amount which represents the best estimate required to settle the present obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Provisions are regularly reviewed and adjusted as further information develops or circumstances change.

Restructuring provisions

Restructuring provisions are recognized only when the Group has a legal or constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline, and the employees affected have been notified of the plan's main features.

Asset retirement obligation

If a lease contract requires SIX to remove any assets it has installed in the leased property (such as internal walls or partitions), the removal obligation arises immediately upon installation. In such a situation, the Group recognizes a provision for the present value of the future cost of removal at the date the assets are installed.

The costs of removal are capitalized as part of the acquisition costs of the leasehold improvements and are amortized over their useful lives or according to the lease term, if shorter.

Contingent liabilities and assets

Contingent liabilities are not recognized, but disclosed, unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized, but disclosed, where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is recognized.

Equity

Ordinary shares

Ordinary shares in SIX Group Ltd are classified as share capital.

Treasury shares

Own shares held by SIX Group Ltd itself and by other members of the Group are recognized at cost within other reserves and deducted from equity. Gains or losses on the disposal or cancellation of treasury shares are recorded in other reserves.

Operating revenues

General

When SIX acts as principal, revenue is recorded gross. However, when SIX acts only as an agent, revenue is limited to the commission or fee that it retains (net of related costs). A risk of physical loss of inventory and subsequent credit risk arising from a sale of goods or from the rendering of services strongly indicate that SIX acts as principal.

Commission revenues

SIX generates commission revenues from the admission of securities to trading and post-trading services (e.g. domestic and international custody service, global fund service). SIX also receives commission from merchants in the card business and from financial institutions in the ATM business.

Admission fees are recognized at the time of admission to trading. Commission revenues generated from post-trading services are recognized as revenue when the related service is rendered. Commission fees received in the card and ATM business are calculated as a percentage based on the number or value of transactions and are recorded as income at the time those transactions occur.

Transaction revenues

SIX earns transaction fees on the transactions processed for its customers. Transaction revenues are generated from trading activities on the stock exchange as well as from clearing and settlement transactions in the post-trading and payment services business.

Trading, clearing and settlement fees are recognized on the settlement day or on the day when the trade is completed (for late settlement).

Service revenues

SIX provides customers with efficient access to financial information including market information and reference data. SIX also provides support to card issuers and offers value-added services to merchants.

Revenues generated from the distribution of reference data and market information generally comprise a fixed and a variable component. The fixed component is recognized on an accrual basis over the respective service period, while the variable part is recorded at the date of each individual sale. Non-transaction-related fees charged to merchants and card issuers are recorded as fixed fees. These fees are recognized over the contract period.

Net interest income from banking activities

Interest income and expenses arise from the interest margin business of SIX Securities Services, which is part of the core business activities of SIX. Accordingly, the net interest income from banking activities has been separated from the Group's other interest income and expenses. Net interest income from banking activities is recognized by applying the effective interest method.

Employee benefits

General

SIX maintains a number of different pension plans based on the respective legislation in each country. The retirement benefit plans include both defined benefit and defined contribution plans.

Defined contribution plans

Contributions to defined contribution plans are recognized as an employee benefit expense in the period during which the related services are rendered by employees.

Defined benefit plans

The net liability or asset recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets. Actuarial assumptions used for calculation include the discount rate, future salary and pension increases, staff turnover and life expectancy. The calculation is performed annually by a qualified actuary using the projected unit credit method. Pension plan assets are valued annually at market values. Defined benefit costs consist of three components:

– service costs, curtailments and settlements
– net interest income or expense
– remeasurements

Service costs include current and past service costs and are presented as personnel expenses in the income statement. The Group recognizes gains and losses on plan curtailments or settlements in the income statement when they occur.

Net interest income or expense is calculated as the net defined benefit liability or asset at the beginning of the reporting period multiplied by the discount rate that is used to measure the defined benefit obligation. Net interest income or expenses are recognized as personnel expenses in the income statement.

Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). SIX recognizes them in other comprehensive income. Remeasurements are not recycled.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognized costs for a restructuring. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

Other long-term employee benefits

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Remeasurements are recognized in profit or loss in the period in which they arise. Other long-term employee benefits include in particular long-service awards (or "jubilees"). The liability is determined by applying the projected unit credit method. The actuarial assumptions used are reassessed annually.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

Interest and dividends

Interest income and expenses

For all financial instruments measured at amortized cost, interest income and expenses are recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend income

Dividends are recognized when the right to receive payment is established and are included in financial income.

Income taxes

General

The tax expense for the period comprises current and deferred tax. Taxes are recognized in the income statement, except to the extent that the underlying transaction is recorded either in other comprehensive income or directly in equity.

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities based on the taxable profit. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes

Deferred tax is recognized by applying the liability method in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:
– temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit or loss
– taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which they can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Calculation of deferred taxes is based on the country-specific tax rates expected to apply in the accounting period in which these tax assets will be realized or tax liabilities will be settled. Tax assets and liabilities are offset if they relate to the same taxable entity and tax authority and if there exists an offset entitlement for current taxes.

New standards/interpretations

IFRS and interpretations that have been adopted early

In 2012, SIX adopted early the requirements regarding classification and measurement of IFRS 9 Financial Instruments (version 2010) which were defined in phase 1 of the standard-setting project. IFRS 9 Financial Instruments, including impairment and hedge accounting, will not be adopted early.

New standards, interpretations and amendments adopted by the Group

In 2014, the Group has applied, for the first time, the following new interpretations and amendments:
– Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
– Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)
– Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
– IFRIC 21 Levies
– Recoverable Amount Disclosure for Non-Financial Assets (Amendment to IAS 36)

The Group has adopted the following amendments early:
– Annual Improvements to IFRSs 2010-2012 Cycle
– Annual Improvements to IFRSs 2011-2013 Cycle
– Defined Benefit Plans: Employee Contributions (Amendment to IAS 19)

The adoption of the new interpretations and amendments has no or no significant impact on the consolidated financial statements of the Group as at 31 December 2014.

IFRS and interpretations that have been approved but not yet applied

The following new and/or revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements.

Standard/interpretation	Effective date	Date planned for adoption by SIX
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
IFRS 14 Regulatory Deferral Accounts	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Disclosure Initiative: Amendments to IAS 1	Annual periods beginning on or after 1 January 2016	Financial year 2016 [1]
Annual Improvements 2012–2014	Annual periods beginning on or after 1 January 2016	Financial year 2016 [2]
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2017	Financial year 2017 [2]
IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018	Financial year 2018 [3]

[1] The adoption of the new standard and the amendment is not expected to have any impact, or any significant impact, on the consolidated financial statements of SIX.
[2] The impact on the consolidated financial statements of SIX has not yet been assessed.
[3] SIX has already adopted the requirements of IFRS 9 (version 2010) regarding classification and measurement, which were determined in phase 1 of the standard-setting process. The impact of the other elements of IFRS 9 on the consolidated financial statements of SIX has not yet been assessed.

3. Use of judgments and estimates

The application of some accounting policies requires the use of assumptions, estimates and judgments that may affect the reported assets and liabilities, income and expenses and also the disclosure of contingent assets and liabilities in the reporting period. The assumptions and estimates are continually reviewed and are based upon historical experience and other factors, including anticipated developments arising from probable future events. Actual future occurrences may differ from these assumptions and estimates.

Areas that may incorporate a greater number of uncertain assumptions, estimates and judgments are listed below.

Fair value of assets and liabilities recognized in a business combination

In the case of business combinations, assets acquired and liabilities assumed are measured at fair value at the date of acquisition. In determining the fair value of the intangible assets and property, plant and equipment acquired, of the liabilities assumed at the date of acquisition and the useful lives of the intangible and tangible assets acquired, certain assumptions are made. The measurement is based upon projected cash flows and on information available at the date of acquisition (see also note 31).

Capitalization of development costs

SIX develops various software applications for internal and external use. Development costs for self-developed intangible assets are capitalized if the respective criteria of IAS 38 are fulfilled. Initial capitalization of costs is based on management's judgment that the feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash flows generated from the project, the discount rates to be applied and the expected period of benefits.

All development costs are allocated to projects. Projects are broken down into four main phases. Costs incurred in the inception and transition phase are treated as non-capitalizable, whereas costs incurred in the elaboration and construction phase are treated as capitalizable. Project management is generally allocated to each single project phase and is treated as capitalizable or non-capitalizable, respectively. Development costs which do not satisfy the requirements for capitalization are expensed as incurred.

The carrying value of an intangible asset arising from development is tested for impairment annually when the asset is not yet available for use or more frequently when an indicator of impairment arises during the reporting period. Refer to note 21 for further details on capitalized development costs.

Impairment tests of intangible assets with an indefinite useful life

The carrying amounts of intangible assets with an indefinite useful life, which includes goodwill, are tested for recoverability annually or if events or a change of circumstances indicate a possible impairment. Note 21 includes information on the key assumptions used in performing the impairment tests on goodwill and intangible assets with an indefinite useful life. In each case, the respective budgets and financial plans provide the basis for determining the recoverable amount. The business plan contains management estimates and projections of financial performance of the respective CGU. A reasonable discount rate is also chosen to calculate the present value of these cash flow projections. The impact analysis of changes in key assumptions is also presented in note 21.

Utilization of tax losses and recognition of deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. At each closing, the entity assesses the recoverability of deferred tax assets, including those recognized in previous periods. Further details on recognized deferred tax assets and unrecognized tax losses are disclosed in note 12.

Measurement of defined benefit obligations

Accounting for defined benefit obligations requires the application of certain actuarial assumptions (e.g. discount rate, staff turnover and salary increases). These assumptions were used to calculate the present value of the obligation (or asset) as at 31 December 2014. Changes in actuarial assumptions can materially affect pension obligations and the expenses arising from employee benefit plans. A sensitivity analysis of the key factors is presented in note 35.

Performance for the year

4. Segment information

Determination of operating segments

The operating segments of SIX are determined based on the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the chief operating decision maker (CODM). For the purpose of internal reporting, SIX is broken down into four reportable operating segments reflecting the business areas of SIX. Other business activities that are not assigned to these business areas but which support the Group as a whole do not qualify as reportable operating segments according to IFRS 8. They include the activities of the management company, corporate communications, strategic development, human resources, finance & risk, legal & compliance and IT & logistics. These activities are grouped together under the "Corporate" segment. The five reportable segments offer the following products and services:

Segment	Product and services
Swiss Exchange	– Cash and securitized derivatives market for trading in equities, bonds, structured products and warrants, exchange-traded products (ETPs) and funds – Admission of securities – Distribution of raw market data and index products – Index calculation service
Securities Services	– Clearing house and central counterparty – Securities financing solutions – Custody, settlement and administration services – Share register services – Electronic transactions between land registries, notaries and banks
Financial Information	– Procurement, processing and distribution of reference data and market information
Payment Services	– Card acceptance and merchant services – Card issuing and services for card issuers and acquirers – Interbank clearing and e-bill payments
Corporate	– Corporate services such as communication, strategic development, human resources, finance & risk, legal & compliance, IT & logistics

Since April 2014, SIX consolidated its IT-related activities of the Swiss Group entities within Global IT, which now comprises all IT functions of the Swiss Group entities, including IT infrastructure, software development and operations. Previously, software development and IT applications had been decentralized and formed part of the activities of the operating business segments. There are also plans to transfer the IT-related activities of the Group entities in other countries to Global IT in the near future.

As a result of this change in the internal organization, approximately 370 FTEs were transferred from the four reportable operating business segments to "Corporate". The services provided by Global IT are charged to the other business segments. The internal reorganization has therefore had no impact on the operating income, operating expenses and EBIT of the four reportable operating segments. The only impact of the change in the internal organization has been an increase in inter-segment revenues and an equivalent increase in the operating expenses of the "Corporate" segment. The change has therefore had no impact on the EBIT of the "Corporate" segment. As inter-segment revenues and expenses are eliminated, there is no impact either on the Group's operating income or operating expenses. It is assumed that the impact on the prior-year operating income and operating expenses of the "Corporate" segment would have been approximately CHF 18.1 million. This figure was calculated based on the development projects transferred to Global IT in April 2014.

The changes in the composition of the Group during 2014 mentioned in note 30 had no material impact on the segment reporting.

The internal reporting is based on the measurement methods used for the IFRS consolidated financial statements.

Performance is measured based on segment earnings before interest and tax (EBIT) as included in the internal management reports that are reviewed regularly by the CODM. Segment EBIT is used to measure performance, as management believes that such information is the most relevant for evaluating the results of the segments. Transactions between the segments are based on market prices.

CHF million	Swiss Exchange	Securities Services	Financial Information	Payment Services	Corporate	Total segments	Elimination	Total SIX
								2014
Revenues from external customers	193.7	274.7	390.7	932.2	11.0	1,802.2	–	1,802.2
Inter-segment revenues	7.7	9.3	9.8	6.0	408.4	441.2	–441.2	–
Total operating income	**201.4**	**284.0**	**400.5**	**938.2**	**419.4**	**2,243.4**	**–441.2**	**1,802.2**
Total operating expenses	**–121.5**	**–254.4**	**–360.3**	**–852.0**	**–425.5**	**–2,013.6**	**441.2**	**–1,572.4**
Share of profit of associates	23.1	–	–	–	3.5	26.6	–	26.6
Financial income	1.4	0.4	6.7	3.2	38.8	50.5	–0.1	50.4
Financial expenses	–0.3	–0.1	–1.0	–1.7	–13.8	–17.0	0.1	–16.9
Earnings before interest and tax (EBIT)	**104.1**	**29.9**	**45.8**	**87.7**	**22.5**	**290.0**	**–**	**290.0**
Interest income								10.4
Interest expenses								–5.5
Earnings before tax (EBT)								**294.9**
Income tax expenses								–47.7
Group net profit								**247.2**
Capital expenditure	9.8	2.2	5.8	30.8	40.9			89.5
Workforce (in full-time equivalent)	165.7	388.8	1,075.4	1,154.6	1,040.4			3,824.8

The operating expenses of the Securities Services segment include an impairment charge of CHF 10.2 million. For further details refer to note 21.

CHF million	Swiss Exchange	Securities Services	Financial Information	Payment Services	Corporate	Total segments	Elimination	Total SIX
								2013
Revenues from external customers	194.2	254.7	379.8	740.4	13.7	1,582.7	–	1,582.7
Inter-segment revenues	4.4	5.2	8.1	3.2	302.4	323.3	–323.3	–
Total operating income	**198.5**	**259.9**	**387.9**	**743.6**	**316.0**	**1,906.0**	**–323.3**	**1,582.7**
Total operating expenses	**–133.9**	**–226.5**	**–379.7**	**–662.5**	**–307.2**	**–1,709.8**	**323.3**	**–1,386.6**
Share of profit of associates	22.4	–1.0	–	–	3.0	24.4	–	24.4
Financial income	8.9	0.0	1.0	9.8	26.3	45.9	–0.1	45.8
Financial expenses	–1.0	–0.9	–1.0	–1.3	–17.7	–21.9	0.1	–21.8
Earnings before interest and tax (EBIT)	**94.9**	**31.5**	**8.2**	**89.6**	**20.4**	**244.6**	**–**	**244.6**
Interest income								11.5
Interest expenses								–4.9
Earnings before tax (EBT)								**251.1**
Income tax expenses								–41.0
Group net profit								**210.2**
Capital expenditure	13.5	5.6	10.2	26.8	16.9			73.0
Workforce (in full-time equivalent)	262.1	378.8	1,166.2	1,319.5	650.7			3,777.3

In 2013, operating expenses of the Financial Information segment include an impairment charge of CHF 14.3 million.

Disclosures by geographical area

SIX operates mainly in Switzerland and in some other European countries. The geographical analysis of revenues and non-current assets is based on the location of the entity in which the transactions and assets were recorded. Non-current assets mainly consist of property, plant and equipment, intangible assets, investments in associates and other non-current assets, and exclude financial instruments, deferred tax and post-employment benefit assets in accordance with the provisions of IFRS 8.

	Total revenues		Non-current assets	
CHF million	2014	2013	31/12/2014	31/12/2013[1]
Switzerland	1,125.6	1,119.8	541.3	529.0
Luxembourg	211.2	181.6	37.4	40.2
Austria	243.9	64.5	80.6	90.1
France	53.9	59.7	3.6	4.9
Germany	28.5	25.2	0.6	0.6
United Kingdom	24.6	22.5	0.9	0.9
Rest of Europe	71.1	68.0	6.0	4.4
North America	31.5	29.9	4.0	4.3
Asia/Pacific	10.2	9.9	0.4	0.5
North Africa	1.7	1.7	0.0	0.0
Total	**1,802.2**	**1,582.7**	**674.8**	**674.9**

[1] The non-current assets as at 31 December 2013 have been reduced by CHF 422.1 million due to the exclusion of financial instruments, deferred tax assets and assets from pension fund benefits.

As the acquisition of PayLife Bank GmbH occurred in the second half of 2013, the revenue in Austria increased in 2014 compared with financial year 2013.

Disclosures of major customers

SIX has a large number of customers. In 2014 and 2013, there was no major customer in any of the business segments whose revenues represented more than 10% of the Group’s revenues.

5. Net interest income from banking business

CHF million	2014	2013
Interest income from banking business	6.6	3.6
Interest expenses from banking business	–2.0	–0.3
Net interest income from banking business	**4.6**	**3.3**

6. Other operating income

CHF million	2014	2013
Revenues from sale of payment terminals and components	30.0	29.2
Rental income	28.8	17.7
Others	26.2	16.2
Total other operating income	**84.9**	**63.1**

"Others" includes mainly revenues earned for services provided to merchants and other customers in the Payment Services segment, member and investigation fees in the Swiss Exchange segment, and fees earned from the electronic processing of land registry and mortgage transactions in the Securities Services segment.

7. Personnel expenses

CHF million	2014	2013
Salaries and wages	–473.2	–445.1
Social security expenses	–100.4	–100.9
Others	–29.8	–26.9
Total personnel expenses	**–603.4**	**–572.9**

Expenses recognized for defined contribution plans are included in social security expenses and amount to CHF 4.6 million (2013: CHF 3.3 million).

8. Other operating expenses

CHF million	2014	2013
Commission and transaction-related expenses	–448.9	–354.0
Service-related expenses	–245.0	–196.0
Expenses for IT infrastructure	–40.6	–43.6
Expenses for building infrastructure	–37.6	–35.5
Consulting and other professional fees	–30.1	–24.0
Travel and representation expenses	–21.1	–17.8
Marketing and advertising expenses	–18.9	–16.5
Expenses for inventories	–22.3	–16.4
Administration expenses	–5.1	–4.5
Value adjustments and losses	–10.3	–2.1
Others	–32.2	–28.6
Own work capitalized	43.3	36.4
Total operating expenses	**–869.1**	**–702.6**

Own work capitalized includes only costs incurred for internally developed software.

CHF million	Total expense for software development 2014	Total expense for software development 2013	Of which capitalized 2014	Of which capitalized 2013
Swiss Exchange	10.8	15.5	9.4	13.2
Securities Services	4.4	10.3	2.1	5.6
Financial Information	1.9	8.2	1.5	3.7
Payment Services	20.0	19.9	11.7	13.9
Corporate	21.4	–	18.7	–
Total	**58.5**	**54.0**	**43.3**	**36.4**

Expenses related to software development increased in the Corporate segment due to the transfer of the Swiss Group entities' IT-related activities to Global IT in April 2014. See note 4 for further details of the change in the organizational structure.

9. Financial income and expenses

CHF million	2014	2013
Income from financial instruments at fair value	30.8	22.8
Income from financial instruments at amortized cost	0.1	0.1
Foreign exchange rate gains	16.1	7.0
Others	3.4	15.9
Total financial income	**50.4**	**45.8**
Expenses from financial instruments at fair value	–1.8	–10.7
Expenses from financial instruments at amortized cost	–1.7	–1.6
Foreign exchange rate losses	–10.7	–5.6
Others	–2.7	–3.9
Total financial expenses	**–16.9**	**–21.8**

In 2014, "income from financial instruments at fair value" included dividend income in the amount of CHF 6.8 million (2013: CHF 2.9 million).

In 2013, the termination of a joint venture with Deutsche Börse AG led to non-recurring other financial income of CHF 8.7 million from the remeasurement of the shares previously held in Scoach Holding Ltd (including Scoach Europe Ltd and Scoach Switzerland Ltd) and the gain for the difference between the fair value of the previously held equity interest and its carrying amount.

10. Interest income and expenses

CHF million	2014	2013
Debt instruments	8.5	10.5
Cash and cash equivalents	0.7	0.6
Other	1.2	0.4
Total interest income	**10.4**	**11.5**
Debt instruments	–4.3	–3.9
Bank overdrafts	–0.5	–0.6
Borrowings	–0.4	–0.4
Other	–0.3	–0.0
Total interest expenses	**–5.5**	**–4.9**

In financial year 2014, interest income mainly consisted of income from interest received or accrued on investments in debt instruments in the amount of CHF 8.5 million (2013: CHF 10.5 million). Interest expenses from the amortization of premiums on debt instruments totaled CHF 4.3 million (2013: CHF 3.9 million).

11. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of SIX by the weighted average number of ordinary shares outstanding during the year.

	Notes	2014	2013
Net profit attributable to shareholders of SIX (in CHF million)		244.8	205.5
Weighted average number of shares	23	18,914,041	18,914,041
Basic earnings per share (in CHF)		**12.95**	**10.87**

There was no dilution of earnings per share in either the year under review or the previous year.

Income taxes

12. Income taxes

Income tax expenses

The major components of income tax expense for the years ended 31 December 2014 and 31 December 2013 were:

CHF million	2014	2013
Current tax		
Current tax on profits for the year	–59.7	–54.4
Adjustments in respect of prior years	–3.1	–0.2
Total current tax expenses	**–62.8**	**–54.6**
Deferred tax		
Origination and reversal of temporary differences	2.8	12.3
Impact of change in tax rate	–1.5	1.4
Other deferred income tax	13.9	–
Total deferred tax income	**15.1**	**13.6**
Total income tax expenses	**–47.7**	**–41.0**

In 2014, the impact of current income tax arising from previously unrecognized tax losses was CHF 5.8 million (2013: CHF 1.1 million).

Other deferred income tax in 2014 consisted mainly of the recognition of deferred tax assets on tax losses of prior years of CHF 15.0 million and a write-off of deferred tax assets on tax losses of CHF 1.2 million.

Tax reconciliation

The following breakdown shows the reconciliation from the income tax expenses reflected in the financial statements and the amount calculated at the weighted average tax rate:

CHF million		2014		2013
Income from operating activities, gross of tax expense		294.9		251.1
Group's weighted average expected tax rate	**22.0%**	**–65.0**	**22.5%**	**–56.4**
Impact of differences in tax rates and tax bases	0.1%	–0.3	–1.1%	2.7
Impact of tax losses	–1.6%	4.9	–0.7%	1.8
Impact of permanent differences	–1.2%	3.5	–1.4%	3.5
Impact of adjustments, decrease in value and other items	0.3%	–0.7	–0.1%	0.2
Intercompany effects	–3.4%	10.0	–2.9%	7.2
Group's effective tax rate	**16.2%**	**–47.7**	**16.3%**	**–41.0**

The Group's average expected tax rate has been determined based on the profit or loss before tax and the income tax rate of each Group company. The change in the expected income tax rate of the Group is due to the variation in profitability by country.

As at 31 December 2014, total income tax expenses were CHF 47.7 million, which led to an effective tax rate of 16.2%, compared with income tax expenses of CHF 41.0 million and an effective tax rate of 16.3% in the previous year.

Current income tax receivable and payable changed as follows:

Income tax receivable

CHF million	2014	2013
At 1 January	**5.9**	**3.6**
Business combinations	–	3.7
Recognized in income statement	1.7	1.1
Income taxes received	–3.1	–2.6
Reclassification	–1.5	–
Translation adjustments	–0.1	0.0
At 31 December	**2.9**	**5.9**

Income tax payable

CHF million	2014	2013
At 1 January	**31.9**	**16.4**
Business combinations	0.2	–
Recognized in income statement	64.4	55.7
Income taxes paid	–57.4	–40.3
Reclassification	–1.5	–
Translation adjustments	–0.1	0.0
At 31 December	**37.5**	**31.9**

The estimated amounts for current income tax receivables and payables, including any amounts related to uncertain tax positions, are based on currently known facts and circumstances. SIX believes that its income tax receivables and payables are adequate for all open tax years based on the assessments made.

13. Deferred tax assets and liabilities

Deferred taxes relating to items in the balance sheet

Deferred tax assets and liabilities relate to the following balance sheet items:

			31/12/2014			31/12/2013
CHF million	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
Trade and other receivables	0.1	3.5	–3.4	0.1	4.3	–4.2
Financial assets	–	13.4	–13.4	–	10.5	–10.5
Inventories	–	0.4	–0.4	–	0.4	–0.4
Other assets	0.0	1.1	–1.1	0.0	1.2	–1.2
Property, plant and equipment	0.2	5.7	–5.5	0.1	6.1	–5.9
Intangible assets	3.7	20.1	–16.4	2.9	17.7	–14.8
Investments in subsidiaries and associates	0.1	0.5	–0.3	0.2	0.7	–0.5
Assets from pension fund benefits	–	–	–	–	15.9	–15.9
Provisions	1.6	15.9	–14.3	2.1	20.8	–18.8
Other liabilities	3.2	1.0	2.2	2.6	1.1	1.6
Financial liabilities current	–	–	–	–	0.5	–0.5
Pension fund liabilities	9.7	–	9.7	2.5	–	2.5
Tax loss carryforwards	18.4	–	18.4	7.0	–	7.0
Total deferred tax assets/(liabilities)	**37.1**	**61.5**	**–24.4**	**17.5**	**79.2**	**–61.7**
Offsetting	–14.8	–14.8		–7.6	–7.6	
Deferred tax assets/(liabilities) on the balance sheet	**22.3**	**46.7**		**10.0**	**71.7**	

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Net deferred tax assets and liabilities changed as follows:

CHF million	2014	2013
Balance at 1 January	**–61.7**	**–58.2**
Business combinations	–0.6	–8.0
Changes affecting the income statement	15.1	13.7
Changes affecting the OCI	22.7	–9.1
Translation adjustments	0.1	0.0
Balance at 31 December	**–24.4**	**–61.7**

Expiry dates of recognized and unrecognized unused tax loss carryforwards

The gross values of recognized and unrecognized unused tax loss carryforwards, with their expiry dates, are as follows:

CHF million	Not recognized	Recognized	31/12/2014
One year	0.0	1.4	1.4
Two years	1.5	5.7	7.3
Three years	3.2	5.2	8.4
Four years	7.9	39.4	47.3
Five years	16.4	14.1	30.6
Six years	13.1	–	13.1
More than six years	193.1	12.7	205.8
Total	**235.3**	**78.5**	**313.8**
Potential tax relief effect	59.6		59.6

CHF million	Not recognized	Recognized	31/12/2013
One year	–	0.8	0.8
Two years	1.8	4.3	6.1
Three years	5.4	8.2	13.7
Four years	31.3	1.0	32.3
Five years	39.3	7.6	46.9
Six years	28.7	–	28.7
More than six years	144.8	5.0	149.7
Total	**251.3**	**26.9**	**278.2**
Potential tax relief effect	65.3		65.3

No deferred tax assets have been recognized for tax loss carryforwards of CHF 235.3 million (31 December 2013: CHF 251.3 million), as it seems uncertain whether they will be utilized in the future. The majority of these unrecognized tax loss carryforwards expire after six years or have no expiry date. The potential tax relief effect from the unrecognized tax loss carryforwards amounts to CHF 59.6 million (31 December 2013: CHF 65.3 million).

As at 31 December 2014, based on the above-mentioned estimates, tax loss carryforwards of CHF 78.5 million (31 December 2013: CHF 26.9 million) were recognized, resulting in deferred tax assets of CHF 18.4 million (31 December 2013: CHF 7.0 million).

Assets

14. Cash and cash equivalents

CHF million	31/12/2014	31/12/2013
Cash at bank and on hand	5,001.1	3,473.9
Short-term bank deposits	102.3	121.7
Cash and cash equivalents	**5,103.4**	**3,595.6**

Cash at bank includes giro balances with the Swiss National Bank (SNB) of CHF 3,576.9 million (31 December 2013: CHF 2,528.4 million) and giro balances with clearing houses approved by the SNB of CHF 821.7 million (31 December 2013: CHF 633.8 million).

Cash and cash equivalents include the following items for the purposes of the statement of cash flows:

CHF million	31/12/2014	31/12/2013
Cash and cash equivalents	5,103.4	3,595.6
Bank overdrafts	–35.4	–47.7
Cash and cash equivalents in the statement of cash flows	**5,068.0**	**3,547.9**

15. Trade and other receivables

CHF million	31/12/2014	31/12/2013
Trade receivables due from others	425.5	589.7
Trade receivables due from banks	192.8	192.5
Other receivables	7.7	5.6
Total trade and other receivables	**626.0**	**787.8**

At 31 December 2014, total trade and other receivables included prepayments of CHF 2.0 million (31 December 2013: CHF 2.1 million). The amount due from related parties is disclosed in note 36.

The exposure of SIX in relation to credit risk on trade and other receivables is disclosed in note 26. The maximum exposure to credit risk at the reporting date corresponds to the carrying amount.

Age structure of trade and other receivables

The due dates of trade and other receivables break down as follows:

CHF million	31/12/2014	31/12/2013
Total neither past due nor impaired	**585.4**	**719.7**
Up to 3 months past due	23.1	48.7
Between 3 and 6 months past due	9.6	5.2
More than 6 months past due	6.9	10.9
Past due but not impaired	**39.6**	**64.7**
Impaired	**15.3**	**15.3**
Total trade and other receivables, gross	**640.3**	**799.7**
Individual allowances	–14.3	–11.8
Collective allowances	–0.0	–0.1
Total trade and other receivables, net	**626.0**	**787.8**

Changes in allowances for receivables

The table below presents the movements in allowances for trade and other receivables.

CHF million	2014	2013
At 1 January	**–11.9**	**–3.8**
Business combinations	–	–8.1
Increase in allowances for trade and other receivables	–8.7	–1.2
Release of allowances for trade and other receivables	1.3	0.2
Receivables written off during the year as uncollectible	4.8	1.0
Translation differences	0.2	0.0
At 31 December	**–14.3**	**–11.9**

Allowances for individual impairment of receivables are determined based on the difference between the nominal amount of the receivable and the estimated net amount recoverable. It is assumed that a portion of these receivables is expected to be recovered.

Receivables that are not impaired individually are subject to a collective impairment based on statistical analysis from previous years. On past experience, SIX does not anticipate any significant defaults.

Past-due receivables for which no clear indication of impairment is available are checked on a regular basis by monitoring the default risk.

The creation and release of provisions for impaired receivables have been included in other operating expenses in the income statement.

16. Receivables and payables from clearing & settlement

CHF million	31/12/2014	31/12/2013
Receivables from clearing & settlement	950.3	690.0
Receivables from reverse repurchase agreements	901.8	351.6
Fed funds placements	70.7	524.1
Total receivables from clearing & settlement – Securities Services	**1,922.8**	**1,565.6**
Total receivables from clearing & settlement – Payment Services	**345.1**	**316.4**
Total receivables from clearing & settlement	**2,267.9**	**1,882.0**
Payables from clearing & settlement	5,140.6	3,691.8
Payables from settled suspense	153.8	134.7
Collateral	886.2	633.0
Total payables from clearing & settlement – Securities Services	**6,180.6**	**4,459.4**
Total payables from clearing & settlement – Payment Services	**419.4**	**442.7**
Total payables from clearing & settlement	**6,600.0**	**4,902.1**

Receivables and payables from clearing & settlement – Securities Services

The receivables and payables from clearing & settlement in the Securities Services business area result from SIX x-clear Ltd, Oslo Clearing ASA and SIX SIS Ltd acting as a central counterparty (CCP) or central security depository (CSD) for securities trading. The CCP steps into the contracts as intermediary and represents the buyer to each seller and the seller to each buyer. To fulfill the contract, SIX SIS Ltd must settle cash and securities from one trading party to another.

Under a reverse repurchase agreement, SIX SIS Ltd buys securities and agrees to sell them in the future. The cash delivered is derecognized and a corresponding receivable recorded.

SIX SIS Ltd places cash balances in USD with third banks as fed funds placements. These placements are overnight borrowings between banks and other institutions used for liquidity management purposes.

Payables from settled suspense relate to cross-border transactions where a seller is short of securities. In such an event, SIX SIS Ltd borrows the securities required and recognizes a corresponding liability.

Collateral includes collateral related to secured instruments (COSIs) and other collateral from clients. COSIs involve the collateralization of certificates and are offered by Swiss Exchange (SSX) to issuers of structured products. The provider of collateral – generally the issuer of the product – pledges a defined amount of cash to SSX, which equals the current value of the outstanding COSI products. SIX SIS Ltd acts as a depository for the pledged collateral.

Receivables and payables from clearing & settlement – Payment Services

Receivables from clearing & settlement include receivables due from card schemes and issuers of debit and credit cards. Payables from clearing & settlement include payables due to merchants and ATM providers.

17. Financial assets (current and non-current)

Movements of financial assets

The following table shows the movements of financial assets per category:

CHF million	Financial assets measured at FVtPL	Financial assets at amortized cost	2014
At 1 January	**512.4**	**365.9**	**878.3**
Business combinations	38.3	66.1	104.5
Additions	134.5	95.7	230.3
Change in value recognized in profit and loss	22.3	–4.3	18.0
Impairments, net	–	–0.2	–0.2
Disposals	–138.9	–95.4	–234.3
Translation adjustments	–7.4	–8.7	–16.1
At 31 December	**561.4**	**419.1**	**980.5**
of which current	*561.4*	*98.4*	*659.7*
of which non-current	*–*	*320.7*	*320.7*

During 2014, CHF 95.4 million of debt securities matured or were disposed of (2013: CHF 61.4 million) and a net loss arising from their derecognition of CHF 1.5 million (2013: CHF 1.5 million) was recognized, which is part of the net financial result (see note 9).

CHF million	Financial assets measured at FVtPL	Financial assets at amortized cost	2013
At 1 January	**461.9**	**192.3**	**654.2**
Additions	180.7	240.5	421.2
Change in value recognized in profit and loss	9.0	–4.6	4.3
Impairments, net	–	–0.8	–0.8
Disposals	–138.9	–61.4	–200.2
Translation adjustments	–0.3	0.0	–0.3
At 31 December	**512.4**	**365.9**	**878.3**
of which current	*512.4*	*28.5*	*540.9*
of which non-current	*–*	*337.4*	*337.4*

In 2014, an individual loan was identified as being impaired, and an impairment charge in the amount of CHF 0.2 million was recorded (2013: CHF 0.8 million). For more information about the exposure of SIX to credit risk, liquidity risk and market risk see note 26.

In 2014 and 2013, SIX did not apply the fair value option to any debt instruments.

18. Inventories

CHF million	31/12/2014	31/12/2013
Payment terminals and components	7.1	8.9
Mobile vouchers	7.7	6.2
Finished goods	2.4	3.1
Total inventories	**17.2**	**18.3**

In 2014 a write-down of inventories to the net realizable value amounted to CHF 0.3 million was recognized (2013: CHF 0.5 million). This is included in other operating expenses in the income statement. No write-downs on inventories were reversed in either 2014 or 2013.

19. Other assets (current and non-current)

This position includes all asset accounts not specifically covered in other areas of the balance sheet.

CHF million	31/12/2014	31/12/2013
Accrued revenues	46.5	42.1
Receivables from other taxes	17,0	15.4
Total other current assets	**63.6**	**57.6**
Total other non-current assets	**9.0**	**6.4**

20. Property, plant and equipment

Reconciliation of carrying amount

CHF million	Land, buildings and leasehold improvements	Technical installations	IT hardware	Other tangible assets	2014
Historical cost at 1 January	**400.4**	**200.9**	**209.7**	**45.1**	**856.0**
Additions	2.2	10.7	17.9	2.4	33.3
Disposals	–0.4	–0.0	–23.8	–0.5	–24.7
Business combinations	–	–	–	0.0	0.0
Reclassifications	0.9	–0.9	–	–	–
Translation adjustments	0.1	–0.0	–0.6	–0.5	–1.0
Historical cost at 31 December	**403.3**	**210.6**	**203.2**	**46.6**	**863.7**
Accumulated depreciation at 1 January	**–258.9**	**–149.2**	**–167.2**	**–38.6**	**–614.0**
Annual depreciation	–8.5	–7.2	–20.6	–3.0	–39.2
Disposals	0.4	0.0	20.7	0.4	21.5
Reclassifications	0.1	–0.1	–	–	–
Translation adjustments	–0.1	–0.0	0.4	0.4	0.8
Accumulated depreciation at 31 December	**–267.0**	**–156.4**	**–166.7**	**–40.8**	**–630.9**
Net carrying amount at the end of the year	**136.3**	**54.2**	**36.5**	**5.8**	**232.8**

CHF million	Land, buildings and leasehold improvements	Technical installations	IT hardware	Other tangible assets	2013
Historical cost at 1 January	**401.1**	**194.7**	**202.7**	**45.7**	**844.2**
Additions	0.5	12.1	15.3	2.1	29.9
Disposals	–1.9	–8.6	–18.7	–3.5	–32.7
Business combinations	0.7	2.8	9.9	0.8	14.3
Translation adjustments	0.0	–0.2	0.5	–0.0	0.3
Historical cost at 31 December	**400.4**	**200.9**	**209.7**	**45.1**	**856.0**
Accumulated depreciation at 1 January	**–252.0**	**–152.4**	**–158.6**	**–39.0**	**–602.0**
Annual depreciation	–8.3	–5.6	–25.9	–3.1	–43.0
Impairments	–0.4	–	–	–	–0.4
Disposals	1.8	8.6	17.8	3.5	31.8
Translation adjustments	–0.0	0.1	–0.5	0.0	–0.4
Accumulated depreciation at 31 December	**–258.9**	**–149.2**	**–167.2**	**–38.6**	**–614.0**
Net carrying amount at the end of the year	**141.5**	**51.6**	**42.5**	**6.4**	**242.0**

Additions and acquisition

During financial year 2014, SIX acquired items of property, plant and equipment with a cost of CHF 33.3 million (2013: CHF 29.9 million). Investments in property, plant, and equipment were primarily in midrange and mainframe servers, rental payment terminals and technical building equipment expansion. The total amount of capitalized expenses for property, plant and equipment at 31 December 2014 includes expenditure for building equipment expansion under construction of CHF 6.4 million (2013: CHF 2.9 million).

Impairment

Within the period under review, there was no material impairment of the Group's property, plant and equipment to report and there were no reversals of previous impairment charges in the current period.

21. Intangible assets and goodwill

Reconciliation of carrying amount

CHF million	Goodwill	Acquired software	Internally generated software	Other intangible assets	2014
Historical cost at 1 January	**42.6**	**100.8**	**482.4**	**88.2**	**713.9**
Additions	–	13.4	41.9	0.8	56.2
Disposals	–	–1.7	–5.9	–1.9	–9.5
Business combinations	8.1	1.4	–	3.2	12.7
Translation adjustments	0.2	–0.9	–0.6	–1.4	–2.7
Historical cost at 31 December	**50.9**	**113.0**	**517.8**	**88.9**	**770.5**
Accumulated amortization at 1 January	**–1.7**	**–83.4**	**–389.4**	**–30.8**	**–505.3**
Annual amortization	–	–10.0	–28.6	–11.9	–50.4
Impairments, net	–7.2	–0.0	–0.0	–2.9	–10.2
Disposals	–	1.7	2.2	1.7	5.6
Translation adjustments	–0.2	0.7	0.5	0.4	1.3
Accumulated amortization at 31 December	**–9.1**	**–91.0**	**–415.3**	**–43.6**	**–559.0**
Net carrying amount at the end of the year	**41.8**	**22.0**	**102.5**	**45.3**	**211.5**

CHF million	Goodwill	Acquired software	Internally generated software	Other intangible assets	2013
Historical cost at 1 January	**14.0**	**187.5**	**473.2**	**55.5**	**730.2**
Additions	–	7.6	34.8	0.7	43.1
Disposals	–	–95.0	–25.9	–16.8	–137.7
Business combinations	28.6	–	–	48.6	77.2
Translation adjustments	–0.1	0.5	0.4	0.2	1.1
Historical cost at 31 December	**42.6**	**100.8**	**482.4**	**88.2**	**713.9**
Accumulated amortization at 1 January	**–1.7**	**–160.4**	**–369.9**	**–41.8**	**–573.9**
Annual amortization	–	–10.3	–36.2	–5.6	–52.1
Impairments, net	–	–7.3	–8.3	–	–15.6
Disposals	–	95.0	25.4	16.8	137.2
Translation adjustments	0.1	–0.4	–0.3	–0.3	–1.0
Accumulated amortization at 31 December	**–1.7**	**–83.4**	**–389.4**	**–30.8**	**–505.3**
Net carrying amount at the end of the year	**40.9**	**17.3**	**93.0**	**57.3**	**208.5**

Software and other intangible assets

Additions and acquisition

Other intangible assets include customer lists and brand names acquired through business combinations (see note 31) and are assumed to have a useful life of between five to seven years.

Expenses for certain development activities have been capitalized as they satisfy the recognition criteria for internally generated intangible assets. During financial year 2014, expenditure totaling CHF 41.9 million (2013: CHF 34.8 million) was capitalized, of which CHF 40.8 million (2013: CHF 34.1 million) related to assets that were still under construction at the reporting date.

Indefinite useful life

Within intangible assets, only goodwill is assumed to have an indefinite useful life.

Recoverability of development costs

In 2010, SIX Financial Information launched a program to renew its IT infrastructure, including the replacement of current core systems for reference and market data as well as its underlying client-facing technologies and products. The deferral of certain initiatives resulted in the recognition that previously capitalized development costs represent assets that may not be brought to economic use. An impairment charge of CHF 14.3 million in relation to these assets was recognized in the consolidated income statement for financial year 2013. The impairment loss was included in depreciation, amortization and impairment in the income statement.

Impairment test for CGUs containing goodwill

CHF million	31/12/2014	31/12/2013
PayLife Bank GmbH	24.6	24.6
CETREL Group	10.6	10.6
SIX Structured Products Exchange Ltd	4.0	4.0
Oslo Clearing ASA	0.9	–
Others	1.7	1.7
Goodwill, net	**41.8**	**40.9**

The above goodwill items are subject to an annual impairment test, which is conducted in the fourth quarter of each year. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the carrying amount of the relevant organizational unit exceeds its recoverable amount.

For the purpose of impairment testing, goodwill has been allocated to the CGUs as follows:

CHF million	Goodwill	Projection period	Long-term growth rate	Discount rate	Method
					31/12/2014
Cash generating unit					
CETREL SA	4.9	5 years	1.5%	14.0%	DCF
SIX Payment Services Ltd	5.7	5 years	1.5%	14.0%	DCF
CETREL Group	**10.6**				
Financial institution service and consumer service	5.4	5 years	1.5%	13.3%	DCF
Merchant service	19.2	5 years	1.5%	13.3%	DCF
PayLife Bank GmbH	**24.6**				
Trading business	4.0	5 years	1.5%	14.4%	DCF
SIX Structured Products Exchange Ltd	**4.0**				
CCP Clearing	–	5 years	1.0%	10.7%	DCF
Custody and settlement	0.9	5 years	1.0%	10.7%	DCF
Oslo Clearing ASA	**0.9**				

CHF million	Goodwill	Projection period	Long-term growth rate	Discount rate	Method
					31/12/2013
Cash generating unit					
CETREL SA	4.9	5 years	1.5%	17.4%	DCF
SIX Payment Services Ltd	5.7	5 years	1.5%	17.4%	DCF
CETREL Group	**10.6**				

The recoverable amounts for each CGU have been determined based on a value in use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a three-year period (the SIX medium-term planning). The impairment test of the goodwill resulted in a value in use which exceeds the carrying amount for all CGUs, except for the CCP Clearing CGU, as mentioned below.

In 2013, the goodwill arising from the business combinations with PayLife Bank GmbH and Scoach Switzerland Ltd was not tested separately for impairment, as this was covered with the respective purchase price allocations and as there were no indications of impairment as at the end of 2013.

Oslo Clearing ASA

Details in respect of the goodwill of CHF 8.1 million arising from the business combination with Oslo Clearing ASA in 2014 are provided in note 31.

The recoverable amount of the CCP Clearing CGU of CHF 41.4 million as at 31 October 2014 has been determined based on a value in use calculation using cash flow projections from the medium-term plan approved by senior management covering a three-year period. Compared with the previous plan, which was the basis for the pre-acquisition valuation, the projected cash flows have been adjusted to reflect the changes in the market environment. Firstly, the development of the cash markets in Norway is below expectations and, secondly, the growth in the derivatives market is delayed and less dynamic. As a result of this analysis, management recognized an impairment charge of CHF 10.2 million in the current year. This comprises CHF 7.2 million on goodwill and CHF 2.9 million on client relationships. The impairment charge is included in depreciation, amortization and impairment in the income statement. After recording the impairment loss, the carrying amount of the goodwill and client relationships is zero.

Key assumptions

The calculation of value in use is most sensitive to the following assumptions:

Discount rate

The discount rate calculation is based on the specific circumstances of SIX and its operating segments. It is derived from the capital asset pricing model and considers the risk-free interest rate based on long-term government bond yields and market risk premiums. The discount rate used takes also into consideration the specific risks relating to the cash-generating unit.

Perpetual growth rate

The growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

Management believes that any reasonably possible change in any of the key assumptions would not cause the CGUs' carrying amounts to exceed their recoverable amounts.

Equity and liabilities

22. Capital management

The capital management policy of SIX is primarily aimed at maintaining an adequate equity base, so as to maintain shareholder and market confidence, as well as to sustain the future development of the business while complying with regulatory capital requirements.

In 2014, Standard & Poor's affirmed the AA- financial strength rating for SIX and the AA credit ratings for SIX SIS Ltd and SIX x-clear Ltd, in each case assigning a stable outlook.

SIX employs two ratios to monitor equity: the equity ratio and return on equity. The equity ratio equates to consolidated equity as percentage of total adjusted liabilities and equity. Return on equity is defined as Group net profit as a percentage of average equity. These ratios are reported to the Group Executive Board and the Board of Directors regularly by internal financial reporting.

The ratios are shown in the following table:

CHF million	31/12/2014	31/12/2013
Equity attributable to shareholders of SIX (average)	2,214.5	2,220.1
Non-controlling interests (average)	6.2	11.3
Total equity (average)	**2,220.7**	**2,231.4**
Total liabilities (average)	6,651.1	5,732.8
– Payables from clearing & settlement (average)	–5,751.0	–5,040.2
– Negative replacement values from clearing & settlement (average)	–58.1	–40.6
Total adjusted liabilities (average)	**841.9**	**652.0**
Equity ratio in %	**72.5**	**77.4**
Total equity (average)	2,220.7	2,231.4
Group net profit for the year	247.2	210.2
Return on equity in %	**11.1**	**9.4**

The internal dividend policy of SIX takes into account the local requirements of each subsidiary regarding the ability to make dividend payments.

On 16 May 2014, the Annual General Meeting approved the distribution of a dividend of CHF 5.00 (2013: CHF 15.36) per registered share. The total amount distributed to holders of outstanding shares was CHF 94.6 million (2013: CHF 290.5 million). There are no income tax consequences attached to the payment of dividends by the Group to its shareholders in either 2014 or 2013.

For the year ending 31 December 2014, the Board of Directors has proposed a dividend of CHF 8.00 per share, corresponding to a total of CHF 156.2 million for 2014. There are no tax consequences. The dividend proposal will be submitted for approval by the Annual General Meeting held in May 2015.

SIX is not subject to regulatory capital requirements. However, regulatory capital adequacy requirements apply to SIX Securities Services Ltd and its subsidiaries as a bank. Eligible capital must be available to support business activities, in accordance with both our own internal assessment and the requirements of our regulators, in particular our lead regulator, FINMA.

SIX Securities Services is also required to comply with Basel III regulations in respect of regulatory capital. To calculate the capital requirements for credit risks, market risks and operational risks, banks can choose from a number of different approaches under Basel III. SIX Securities Services uses the Swiss standard approach (SA-CH) for credit risks, the standard approach for market risks and the basic indicator approach for operational risks.

SIX Securities Services and its individually regulated operations complied with all externally imposed capital requirements throughout the period.

23. Capital and reserves

Share capital

As at 31 December 2014, the total number of shares issued remained unchanged from the prior year at 19,521,905 shares and corresponds to the number of authorized shares. All shares issued have a par value of CHF 1.00 and are fully paid up.

Number of shares	31/12/2014	31/12/2013
Shares issued	19,521,905	19,521,905
Treasury shares	–607,864	–607,864
Shares outstanding	**18,914,041**	**18,914,041**

The shares rank equally with regard to the Company's residual assets.

The holders of the shares are entitled to receive a proportionate share of distributed dividends as declared and are entitled to one vote per share at the shareholders' meeting of the Company. The proposed dividend per share for financial year 2014, together with the 2013 figure for comparison purposes, are disclosed in note 22.

Capital reserve

The total amount of dividends distributed to holders of outstanding shares was CHF 94.6 million (2013: CHF 290.5 million), and this was recorded against capital contribution reserves, as in the prior year.

Treasury shares

The reserve for own shares comprises the cost of the shares held by SIX. At 31 December 2014, SIX held 607,864 shares directly or indirectly via its subsidiaries. There was no change in the number of treasury shares compared with 31 December 2013.

Hedging reserve

As described in note 2, SIX uses foreign currency forward contracts to mitigate its exposure to foreign exchange risks of expected cash outflows. The effective portion of hedges, net of taxes, is accounted for in the hedging reserve.

In May 2014, a forward contract was executed to hedge the foreign currency exposure relating to the acquisition of Oslo Clearing ASA. Further information on the acquisition is provided in note 31.

The following table shows the movements in the hedging reserve:

CHF million	2014	2013
At 1 January	**–3.3**	**–**
Amount recognized in equity during the year	0.4	–3.3
Fair value of cash flow hedges reclassified to balance sheet	2.9	–
At 31 December	**–**	**–3.3**

Translation reserve

Reserves arising from foreign currency translation adjustments comprise the differences arising from the foreign currency translation of the financial statements of subsidiaries from their respective functional currency into Swiss francs.

24. Provisions (current and non-current)

Provisions are classified as follows:

CHF million	Provisions for legal claims	Provisions for restructuring	Provisions for asset retirement obligations	Provisions for warranties	Other provisions	2014	2013
At 1 January	**28.6**	**0.6**	**5.0**	**3.0**	**5.8**	**43.0**	**30.0**
Increase in provisions	0.5	3.2	0.5	1.6	4.3	10.2	10.6
Business combinations	–	–	–	–	–	–	8.6
Financial cost related to the unwinding of discount rates	–	–	0.2	–	–	0.2	0.5
Dissolution	–3.3	–0.2	–	–1.4	–0.7	–5.6	–4.1
Reclassifications	–1.0	1.0	–	–	–	–	–
Usage	–0.5	–4.6	0.0	–	–1.0	–6.1	–2.5
Translation adjustments	–0.1	–0.0	–0.0	–0.0	–0.0	–0.2	–0.0
At 31 December	**24.1**	**0.0**	**5.7**	**3.2**	**8.5**	**41.5**	**43.0**
of which current	*9.9*	*0.0*	*1.2*	*3.0*	*0.5*	*14.7*	*10.0*
of which non-current	*14.2*	*–*	*4.5*	*0.1*	*7.9*	*26.8*	*33.0*

Provisions for legal claims

SIX Payment Services was accused of exploiting its market dominance, thereby disadvantaging other market participants. On 29 November 2010, the Competition Commission penalized SIX, requiring it to pay a fine of CHF 7.0 million, together with legal and other costs of CHF 0.5 million. SIX appealed against this decision at the Federal Administrative Court on 31 January 2011.

Besides the legal claim described above, SIX is also involved in legal and judicial proceedings and claims in the ordinary course of business operations. Provisions and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. The total amount can be split into a number of individual cases in the business areas with an estimated cash outflow of less than CHF 3.0 million per case.

As a result of the acquisition of PayLife Bank GmbH in 2013, SIX assumed a contingent liability of CHF 2.7 million (see note 31).

Restructuring provisions

In 2014, the Group continued to implement restructuring initiatives to position the business for the future, notably in the Payment Services business area in Austria. The organizational realignment establishes the basis for providing market-oriented services to discerning clients in a challenging environment.

The restructuring expenses are comprised of termination benefits. Restructuring expenses of CHF 3.2 million were recognized initially. CHF 1.0 million has been reclassified from legal claims to restructuring provisions, as legal claims by employees for the extension of the notice period became part of the social plan. As at 31 December 2014, the provision was fully utilized.

In the prior period ending 31 December 2013, SIX recognized restructuring expenses of CHF 2.7 million relating to an organizational realignment in the Securities Services business area. The related provision for restructuring as at 31 December 2013 amounted to CHF 0.6 million and was fully utilized by 31 December 2014.

In 2013 and 2014, no significant provisions for the costs of restructuring were reversed through profit and loss.

Provisions for asset retirement obligations

The provisions for asset retirement obligations mainly relate to cost estimates for the decommissioning of premises in Switzerland and France.

Provisions for warranties

Provisions for warranties are recognized for expected warranty claims on payment terminals sold during the last year, based on past experience of the level of repairs and returns. Assumptions used to calculate the provisions for warranties were based on current terminal sales and current information available about returns for maintenance based on the country-specific warranty periods for terminals sold.

Other provisions

Other provisions include mainly risks related to the financial information business.

25. Other liabilities (current and non-current)

Other liabilities have been separated into current and non-current as at 31 December 2014 and 31 December 2013, respectively.

CHF million	Notes	31/12/2014	31/12/2013
Accruals for staff-related costs		90.1	83.2
Accrued interest		0.0	0.1
Accrued expenses		82.3	79.8
Deferred revenues		19.3	19.0
Prepayments		3.1	1.4
Liabilities from other taxes		57.9	48.3
Other short-term liabilities		17.0	22.7
Total other current liabilities		**269.7**	**254.5**
Pension fund liabilities	35	38.4	5.6
Other employee benefit liabilities		9.7	8.2
Other long-term liabilities		0.1	–
Total other non-current liabilities		**48.2**	**13.9**

Accruals for staff-related expenses are for vacation leave and overtime, jubilees and bonuses. The long-term portion of liabilities for jubilees and bonuses is included in other employee benefit liabilities. The methods used to measure pension fund liabilities are explained in note 35.

Financial instruments

26. Financial risk management

Objectives and policies

Given its business, SIX is exposed chiefly to financial risks such as liquidity, counterparty default and market price risks (i.e. interest rates, foreign currencies and equity prices). SIX does not actively take interest rate and foreign currency risks. Nonetheless, such risks arise on a modest scale from business operations and are managed actively. Exposure to foreign currency risk also arises from investments in financial instruments denominated in a currency other than the Company's functional currency. Exposure is closely monitored and actions are taken by the management in close coordination with the Board of Directors.

The SIX operating model requires a high level of liquidity. Liquidity risks are systematically avoided by means of active and regular management of liquid funds as well as clearly defined limits and strict internal monitoring procedures.

SIX manages counterparty risks with clear investment guidelines, limits and diversification. In the clearing and settlement business of SIX, members and participants are selected according to strict quality criteria. Market price risks relating to clearing activities are managed using risk-based margin models. These models are verified continually by means of back-testing and are also checked in regular stress tests. Counterparty creditworthiness is also subject to ongoing reviews. SIX also supervises trading activities on a real-time basis.

Credit risk

General

Counterparty credit risk is defined as the risk that a third party in a transaction will default on its obligations or commitments. Given the nature of its core business activities, SIX monitors the counterparty default risk for all its major risk-related activities:

- cash at banks and short-term deposits
- trade and other receivables
- receivables from clearing & settlement
- investments in other financial instruments held by SIX

In the Securities Services business area, an in-depth credit assessment is performed for each individual credit exposure from settlement services. Besides a number of quantitative factors, a variety of qualitative elements form part of the analysis. The key information is condensed using an internal rating model. In cases where the counterparty is rated by at least two internationally recognized rating agencies (Standards & Poor's, Moody's or Fitch), the second-best external rating is used to override the internal rating. Whenever there is an increase in the perceived level of risk, but at least once a year, the analysis is updated based on the most recent annual accounts. In clearing activities a "waterfall" line of defense structure consisting of margins and a default fund is applied. The line of defense mechanism is regularly calibrated and back-tested.

In business areas other than Securities Services, no independent credit ratings are available for some of the customers (other than banks). Their credit quality is assessed by local credit control departments, taking into account their financial position, past experience and other factors. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers and these are internationally dispersed. Each local operating unit has primary responsibility for managing its own credit risk and is required to implement credit policies and procedures. Each business unit is responsible for monitoring and controlling all credit risks in its portfolio.

In the context of own investments, SIX guards against the risk of default by implementing an investment policy that imposes minimum credit ratings for direct and indirect investments in debt instruments. Group Treasury regularly monitors strict compliance with this policy.

The carrying amounts of financial assets and the related ratings of the counterparties are summarized in the following table:

	Investment grade		Non-investment grade		Not rated		Total	
CHF million	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Cash at bank and short-term deposits [1]	4,976.0	3,585.9	0.4	1.7	119.1	0.6	5,095.5	3,588.2
Receivables due from banks	151.5	125.6	0.1	0.1	41.3	67.0	192.9	192.7
Receivables from C&S due from banks	1,879.8	1,443.3	2.5	2.8	71.2	293.6	1,953.6	1,739.7
Debt instruments [2]	417.9	363.9	–	–	0.1	0.1	418.0	364.0
Loans	–	–	–	–	1.1	1.9	1.1	1.9
Derivative financial instruments [3]	58.2	47.6	0.0	0.0	12.3	0.0	70.5	47.6
Total	**7,483.4**	**5,566.3**	**3.0**	**4.5**	**245.0**	**363.2**	**7,731.5**	**5,934.0**

[1] The carrying amount is the maximum credit exposure of cash at bank and short-term deposits. Cash and cash equivalents are held with the Swiss National Bank (SNB) and other clearing houses approved by the SNB (see note 14), which are rated AAA, as well as with banks and financial institutions, which are rated BBB- to AAA, based on external credit ratings. As at 31 December 2014, CHF 119.1 million (31 December 2013: CHF 0.6 million) is attributable to unrated local and regional banks, in particular savings and co-operative banks. The increase compared with the prior year relates to Oslo Clearing ASA, which was acquired in 2014. See note 31. The balances exclude cash on hand.

[2] In general, issuer risk is minimized by only buying debt instruments which are at rated least A- by S&P or the equivalent, in accordance with the investment policy of SIX.

[3] The derivative financial instruments include in particular the positive fair value of forward contracts from the clearing and settlement business of SIX. As SIX acts as a central counterparty (CCP), SIX also recognized the same amount as a liability, which corresponds to the negative fair value of forward contracts from clearing and settlement. For further details on derivatives, refer to note 28.

Of the total receivables from banks and from clearing & settlement, CHF 5.4 million (31 December 2013: CHF 12.0 million) or 1% (31 December 2013: 1%), is past due and/or impaired.

Further information on the carrying amounts of the respective financial assets and impairment losses recognized during the year is set out in notes 17 and 27.

Collateral management

In order to protect SIX x-clear Ltd and Oslo Clearing ASA, which act as central counterparties, against the risk of default by a clearing member before it has settled its outstanding transactions, clearing members are required, under the applicable version of the clearing conditions, to provide daily collateral in the form of cash or securities. The required margin collateral is calculated based on an initial margin and variation margin. Additionally, the members have to provide collateral for the default fund. The default fund is designed to cover potential market risks that are not covered by the margin model in the event of a member's default and in times of stressed market conditions. Receivables from clearing & settlement in the amount of CHF 68.5 million are collateralized (31 December 2013: CHF 87.8 million). The positive replacement values in the amount of CHF 72.6 million (31 December 2013: CHF 45.0 million) resulting from the settlement business are collateralized in full.

In order to reduce settlement failures, SIX SIS Ltd and Oslo Clearing ASA provide securities lending and borrowing to its participants. They borrow the securities from the lending participant and lend them to the borrowing participant. Whereas SIX does not provide any collateral to the lending participants, it does receive cash or securities as collateral in securities lending transactions. The collateral received cannot be repledged or sold.

Liquidity risk

General

Liquidity risk is the risk that SIX will encounter difficulty in meeting current and future obligations associated with its financial liabilities. Specific to the Securities Services business area of SIX, liquidity risk exists as a result of everyday operational flows, such as repayments of cash collateral to clearing members and provision of liquidity to facilitate settlement.

Liquidity management is governed by the treasury policy of SIX. Its main purpose is to provide subsidiaries with financial resources at any time so that they are able to meet their payment obligations. The continuous monitoring of liquidity at Group level and the allocation of resources allow Group Treasury to maintain sound level of liquidity at all times. The liquidity status is reported on a monthly or quarterly basis to various committees. In the event of exceptional liquidity requirements, SIX can also access a portfolio of financial instruments such as equities and bonds that can be liquidated within a reasonable time. In addition, SIX maintains uncommitted credit lines with a limited number of financial institutions. For Swiss Group entities, the total amount of unused credit lines as at 31 December 2014 was CHF 175.0 million (31 December 2013: CHF 150.0 million).

There are additional credit lines with banks in Austria and Norway in the amount of CHF 112.8 million (31 December 2013: CHF 319.7 million). As at 31 December 2014, these credit facilities had not been utilized (31 December 2013: CHF 47.6 million). The interest rates to be applied will be determined in accordance with the market interest rate and an additional margin.

The Group’s operational liquidity at 31 December 2014 amounted to CHF 5,103.4 million (31 December 2013: CHF 3,595.6 million). It is deposited with appropriate investment limits at commercial banks, the Swiss National Bank (SNB) and clearing houses approved by the SNB. Operational liquidity of the Swiss and various foreign subsidiaries, with the exception of SIX SIS Ltd, SIX x-clear Ltd and Oslo Clearing ASA, is held and managed centrally at SIX as part of a cash pool. Group Treasury is responsible for the management of the cash pool. The liquidity in excess of operational liquidity required by the subsidiaries is provided by Group Treasury to cover any short to medium-term structural liquidity requirements. SIX has invested funds available over the medium to long term in financial investments with a current market value of CHF 584.3 million (31 December 2013: CHF 557.7 million) using a professional asset manager.

The liquidity managed by SIX SIS Ltd, SIX x-clear Ltd and Oslo Clearing ASA at 31 December 2014 totaled CHF 4,542.5 million (31 December 2013: CHF 3,177.8 million). Liquidity management is one of the main operating activities in the settlement business. Liquidity risk in the Securities Services area is managed by ensuring that the operating clearing houses within SIX have sufficient available cash to meet their payment obligations to members as a central counterparty. On a day-to-day basis the collateral and liquidity management team is tasked with ensuring that the Group can meet its financing needs at all times, in particular to ensure the business continues to operate smoothly in the event of a clearing member default.

Once a year, the liquidity strategy is reviewed by the Group’s Chief Financial Officer and approved by the Board of Directors. Group Treasury monitors the implementation and execution of the liquidity strategy.

Maturity analysis for financial liabilities

The following table shows the contractual maturities of the financial liabilities held by SIX at the reporting date and in the previous year. Non-financial liabilities are not included in this analysis.

CHF million	On demand	Within 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	31/12/2014
Liabilities						
Bank overdrafts	35.4	–	–	–	–	35.4
Payables due to others	35.8	284.1	0.3	0.1	0.1	320.3
Payables from clearing & settlement	6,423.3	176.7	–	–	–	6,600.0
Borrowings	–	–	29.0	2.5	–	31.5
Non-derivative financial liabilities	**6,494.4**	**460.8**	**29.3**	**2.6**	**0.1**	**6,987.1**
Derivative financial instruments, net	0.7	0.1	–	–	–	0.8
Derivative financial liabilities	**0.7**	**0.1**	**–**	**–**	**–**	**0.8**
Total financial liabilities	**6,495.1**	**460.9**	**29.3**	**2.6**	**0.1**	**6,987.9**

CHF million	On demand	Within 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	31/12/2013
Liabilities						
Bank overdrafts	47.7	–	–	–	–	47.7
Payables due to others	40.8	288.6	0.5	0.5	0.1	330.6
Payables from clearing & settlement	4,481.5	420.6	–	–	–	4,902.1
Borrowings	–	–	23.5	6.7	–	30.2
Other financial liabilities	–	25.5	–	–	–	25.5
Non-derivative financial liabilities	**4,569.9**	**734.8**	**24.0**	**7.2**	**0.1**	**5,336.1**
Derivative financial instruments, net	–	–	3.5	–	–	3.5
Derivative financial liabilities	**–**	**–**	**3.5**	**–**	**–**	**3.5**
Total financial liabilities	**4,569.9**	**734.8**	**27.5**	**7.2**	**0.1**	**5,339.6**

The payables from clearing & settlement related to the Securities Services business are due on demand, whereas the payables of the entities abroad in the Payment Services business are due within three months.

The fair value of negative replacement values best represents the cash flows that would have to be paid if these positions had to be settled or closed.

Market risk

General

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. With regard to SIX, market prices comprise three types of risk: foreign currency risk, interest rate risk and index price risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The consolidated financial statements are published in Swiss francs. The foreign currency risks arise primarily from fluctuation of currencies against the Swiss franc, mainly the euro, the US dollar and the pound sterling. Consequently, SIX uses spot, forward and swap contracts to hedge its exposure in those currencies.

In Switzerland, SIX entities are exposed to foreign currency risk through their operating activities (when revenue or expense is not denominated in Swiss francs) and their financial investments in foreign currencies (mainly euro). Group Treasury controls the exposure to foreign currency risk by using forwards and monitoring the hedging level of the portfolio managed by the asset manager. A few Group entities, such as SIX SIS Ltd and PayLife Bank GmbH, hedge their exposure in foreign currencies directly with local banks. Other foreign and Swiss entities enter into foreign exchange rate contracts with Group Treasury. Group Treasury, for its part, is responsible for hedging net positions in foreign currencies with external counterparties.

The table below illustrates the hypothetical sensitivity of the Group's profit before tax to increases and decreases in foreign exchanges rates at year-end due to revaluation of balance sheet items, assuming all other variables remain unchanged. The sensitivity rates of change for 2014 take the increased volatility in exchange rates following the Swiss National Bank's abandonment of the minimum EUR/CHF exchange rate in January 2015 into account. For 2013, the yearly standard deviation based on historical volatility was used. Positive figures represent an increase in the Group's profit before tax.

	2014			2013		
	Change in exchange rate	Effect on Group profit before tax		Change in exchange rate	Effect on Group profit before tax	
CHF million	+/–	+	–	+/–	+	–
EUR/CHF	12.7%	1.6	–1.6	4.9%	1.3	–1.3
USD/CHF	7.1%	0.2	–0.2	8.8%	–3.6	3.6
GBP/CHF[1]	8.4%	–1.8	1.8	7.1%	–1.8	1.8
Total		**0.1**	**–0.1**		**–4.1**	**4.1**

[1] The effect on the Group profit before tax for 2013 has been adjusted by including the impact of an investment in GBP.

At 31 December 2014, if the Swiss franc had strengthened against the euro by 12.7% and against the US dollar by 7.1% with all other variables unchanged, Group profit before tax would have been CHF 1.8 million higher (31 December 2013: CHF 2.3 million lower). If the Swiss franc had been 8.4% stronger against the pound sterling on 31 December 2014 with all other variables unchanged, Group profit before tax would have been CHF 1.8 million lower (31 December 2013: CHF 1.8 million lower).

As no financial instruments were designated as financial instruments at fair value through OCI on the reporting date, no sensitivity analysis to calculate the potential impact on equity was performed.

For disclosure of the contract volumes of derivative financial instruments in each currency, see note 28.

Interest rate risk

SIX is exposed to interest rate risk because of the volatility of market interest rates. Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

Cash deposits and Investments in debt instruments are subject to interest rate risk. Fair value fluctuations of fixed-interest financial instruments (i.e. bonds), which would reflect a change in market interest rates, are not recognized in the income statement because these financial instruments are classified as measured at amortized cost according to IFRS 9. Therefore, with respect to debt instruments a change in market interest rates would not have any effect on the Group's interest income or expense.

In interest margin business, interest rate changes could have a major impact on earnings. However, SIX is subject to hardly any interest rate risk, as the cash received from business partners is invested only in overnight interest-bearing accounts. From the interest earned, SIX may pay interest less a margin to the business partners for the deposits on their ordinary cash vostro accounts or may not compensate the business partner at all should the interest earned be less than the desired margin.

The sensitivity analysis shows the impact on Group profit before tax to a reasonably possible change of a +/– 50 basis point move in yield curves. Positive figures represent an increase in the Group's profit before tax.

	2014			2013		
Basis points (bps) in each currency	Change in interest rate +/–	Effect on Group profit before tax +	–	Change in interest rate +/–	Effect on Group profit before tax +	–
CHF	50	18.9	–0.2	50	11.4	–
EUR	50	4.1	–	50	3.6	–0.2
USD	50	3.3	–0.8	50	3.2	–0.2
GBP	50	0.5	–0.4	50	0.4	–0.1
Total		**26.9**	**–1.4**		**18.6**	**–0.6**

According to the simulation, with a 50 bps rise in interest rates in each currency, Group profit before tax would have been CHF 26.9 million higher (31 December 2013: CHF 18.6 million higher). With a 50 bps drop in interest rates, Group profit before tax would have been CHF 1.4 million lower (31 December 2013: CHF 0.6 million lower).

Index price risk

Index price risk at SIX is the risk of loss resulting from declining equity and bonds indices or fair values of individual instruments.

SIX holds equity instruments (e.g. direct investments in shares and units in investment funds) and funds of bonds for liquidity reasons. These instruments are measured at fair value through profit or loss. Fluctuations in individual prices or indices therefore have a direct impact on Group net profit.

The investment policy of SIX establishes limits on the level of risk in the invested portfolio. Investment limits help the professional external asset manager to ensure that the investment portfolio is sufficiently diversified and that it remains exposed to an acceptable level of risk. The performance of the portfolio is compared with the defined benchmarks.

SIX makes direct investments in unlisted companies to a much lesser extent. The fair value of these equity investments tends to be dominated by factors specific to the company invested in. For this reason, SIX does not include these investments in the sensitivity analysis.

The table below illustrates the hypothetical sensitivity of the Group's profit before tax to increases and decreases in the respective indices, assuming all other variables remain unchanged. The sensitivity rate is based on historical volatility using the yearly standard deviation.

	2014			2013		
CHF million / Index	Change in index +/–	Effect on Group profit before tax +	–	Change in index +/–	Effect on Group profit before tax +	–
SPI®	11.8%	12.3	–12.3	13.6%	12.2	–12.2
SBI®	1.6%	3.2	–3.2	2.1%	3.9	–3.9
SXI®	7.9%	5.7	–5.7	8.3%	5.4	–5.4
Total		**21.3**	**–21.3**		**21.5**	**–21.5**

If the increases in the three indices had been reflected in a change in the financial instruments held as at 31 December 2014, Group profit before tax would have been CHF 21.3 million higher (31 December 2013: CHF 21.5 million higher). If the indices had fallen, the effect would have been the opposite.

As no equity instruments were designated as financial instruments at fair value through OCI on the reporting date, no sensitivity analysis to calculate the potential impact on equity was performed.

27. Fair value of financial instruments

Fair value of financial instruments

The table below shows the estimated fair values of financial instruments, including those accounted for at amortized cost, together with the carrying amounts at the reporting date. The valuation methods and assumptions applied to determine the fair values are explained further below.

			31/12/2014			31/12/2013
CHF million	Carrying amount	Fair value	Deviation	Carrying amount	Fair value	Deviation
Assets						
Cash and cash equivalents	5,103.4	5,103.4	–	3,595.6	3,595.6	–
Trade and other receivables	626.0	626.0	–	787.8	787.8	–
Receivables from clearing & settlement	2,267.9	2,267.9	–	1,882.0	1,882.0	–
Debt instruments [1]	418.0	428.6	10.7	364.0	363.2	–0.9
Loans	1.1	1.1	–	1.9	1.9	–
Financial assets at amortized cost	**8,416.4**	**8,427.1**	**10.7**	**6,631.3**	**6,630.5**	**–0.9**
Equity instruments at FVtPL [2]	52.0	52.0	–	47.1	47.1	–
Units in investment funds at FVtPL [3]	355.5	355.5	–	339.8	339.8	–
Financial instruments from settlement business [4]	83.4	83.4	–	78.0	78.0	–
Derivative financial instruments	70.5	70.5	–	47.6	47.6	–
Financial assets at fair value	**561.4**	**561.4**	**–**	**512.4**	**512.4**	**–**
Total financial assets	**8,977.8**	**8,988.4**	**10.7**	**7,143.7**	**7,142.9**	**–0.9**
of which current	*8,657.0*			*6,806.3*		
of which non-current	*320.7*			*337.4*		
Liabilities						
Bank overdrafts	35.4	35.4	–	47.7	47.7	–
Trade and other payables	320.3	320.3	–	330.6	330.6	–
Payables from clearing & settlement	6,600.0	6,600.0	–	4,902.1	4,902.1	–
Borrowings [5]	31.5	31.5	–	30.2	30.2	–
Other financial liabilities [6]	–	–	–	25.5	25.5	–
Financial liabilities at amortized cost	**6,987.1**	**6,987.1**	**–**	**5,336.1**	**5,336.1**	**–**
Derivative financial instruments	71.2	71.2	–	49.4	49.4	–
Financial liabilities at fair value	**71.2**	**71.2**	**–**	**49.4**	**49.4**	**–**
Total financial liabilities	**7,058.4**	**7,058.4**	**–**	**5,385.4**	**5,385.4**	**–**
of which current	*7,051.6*			*5,378.7*		
of which non-current	*6.7*			*6.7*		

[1] Debt instruments mainly include government and corporate bonds as well as European medium term notes (EMTNs) denominated in CHF, EUR, USD, NOK and JPY. According to the internal investment strategy, the requirements regarding counterparty creditworthiness are based on a minimum rating of A (Standard & Poor's) or A2 (Moody's), respectively.

[2] Equity instruments primarily include shares in other entities which are held to invest the liquidity in excess of operating liquidity.

[3] SIX holds certain investments in equity funds, fixed income funds, real estate funds and funds of hedge funds denominated in foreign currencies, with the aim of diversifying its investments and taking advantage of foreign markets' performance.

[4] These financial instruments represent quoted equity instruments which SIX usually acquires as a result of failure by a counterparty to deliver its side of a transaction.

[5] As at 31 December 2014, SIX had outstanding borrowings due to related parties with a nominal value of CHF 24.7 million (31 December 2013: CHF 23.5 million).

[6] Other financial liabilities as at 31 December 2013 comprise CHF 25.5 million for an option right originally granted in 2009 in conjunction with the acquisition of CETREL SA. As at 31 December 2013, SIX eliminated the non-controlling interest subject to the call options and recognized the expected redemption amount as a financial liability. In 2014, this liability was settled. See note 31 for more information.

Valuation methods for financial instruments

The table below analyzes recurring fair value measurements for financial assets and liabilities. These fair value measurements are assigned to the different levels of the fair value hierarchy. These levels are defined as follows:

- Level 1: The fair value of listed financial instruments with a price established in an active market is determined on the basis of current quoted market prices.
- Level 2: Valuation methods are used to determine the fair value of financial instruments if no direct market prices are available. The underlying assumptions are based on observable market data, either directly or indirectly, as at the reporting date.
- Level 3: If neither current market prices nor valuation methods based on observable market data can be drawn on for the purpose of determining fair value, then valuation methods are based on unobservable market data. Those inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The following methods and assumptions were used to estimate the fair values:

- For cash and cash equivalents including bank overdrafts, trade and other receivables, receivables and payables from clearing & settlement, trade and other payables, and short-term loans and borrowings, it is assumed that the carrying amount corresponds to their fair value.
- The fair value of quoted equity and debt instruments (e.g. bonds) and of units in investment funds is determined by reference to published price quotations in an active market at the reporting date. The valuation of financial assets from settlement business held at fair value through profit or loss is performed with reference to quoted prices from the markets to which they relate. Such financial assets therefore fall under level 1 of the fair value hierarchy.
- If there is no observable market data for the share price of an equity instrument, the share price is derived from the proportionate net asset value of the entity not traded in an active market. Such equity investments are categorized within level 3 of the fair value hierarchy. If the net asset value were to increase, the price per share would increase proportionally.
- For equity investments in entities which are in the process of liquidation, the fair value is measured based on the discounted future liquidation proceeds estimated by the liquidator. These equity investments are assigned to level 3 of the fair value hierarchy. An increase or decrease of 10% in the estimated liquidation proceeds would lead to an increase or decrease of approximately 10% in the fair value of the financial asset.
- Foreign exchange swaps and forwards are not traded publicly. The inputs into the calculation include foreign exchange spot rates, interest rates and foreign exchange volatility. In general, these inputs are readily observable in the markets or provided by consensus data providers. Thus, foreign exchange swaps, forwards and other foreign exchange derivatives are categorized as level 2 instruments.
- For forward contracts from equity clearing and settlement, the fair value is determined as the difference between the fair value of the underlying equity instrument at the trade date and its fair value at the reporting date. The inputs used are readily available in the market. Therefore, the instruments are assigned to level 2 of the fair value hierarchy.
- For option contracts from clearing and settlement, the fair value is measured based on the Black-Scholes formula. The inputs into the calculation include share price, strike price, risk-free interest rate and historical volatility. In general, these inputs are readily observable in the market, with the exception of historical volatility. Historical volatility therefore represents a level 3 input, as it does not reflect market participants' expectations. As such, these options are assigned to level 3 of the fair value hierarchy.
- For forward contracts in derivatives clearing and settlement, the fair value is measured based on the spot price, forward price and risk-free interest rate. Those inputs are readily observable in the market and, as such, forward contracts are assigned to level 2 of the fair value hierarchy.

Financial instruments in the fair value hierarchy

CHF million	Listed market prices Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3	31/12/2014
Debt instruments and loans	428.6	1.1	–	429.8
Equity instruments	24.5	–	27.5	52.0
Units in investment funds	355.5	–	–	355.5
Financial instruments from settlement business	83.4	–	–	83.4
Derivative financial instruments	–	38.4	32.0	70.5
Total financial assets	**892.1**	**39.6**	**59.5**	**991.1**
Derivative financial instruments	–	39.2	32.0	71.2
Total financial liabilities	**–**	**39.2**	**32.0**	**71.2**

CHF million	Listed market prices Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3	31/12/2013
Debt instruments and loans	363.2	1.9	–	365.0
Equity instruments	19.3	–	27.7	47.1
Units in investment funds	339.7	–	0.1	339.8
Financial instruments from settlement business	78.0	–	–	78.0
Derivative financial instruments	–	47.6	–	47.6
Total financial assets	**800.2**	**49.5**	**27.8**	**877.4**
Derivative financial instruments	–	49.4	–	49.4
Total financial liabilities	**–**	**49.4**	**–**	**49.4**

Transfers between levels

In 2014 and in 2013, there were no transfers between level 1 and level 2.

Option contracts from the derivatives clearing and settlement business in the amount of CHF 36.4 million have been transferred from level 2 to level 3, as the inputs into the calculation of the fair value also include historical volatility. The transferred derivative financial instruments relate to the acquisition of Oslo Clearing ASA in May 2014. For the half-year closing as at 30 June 2014, provisional amounts and classification of the assets acquired and liabilities assumed were recognized or determined. This also included option contracts from derivatives clearing and settlement, which were initially classified as level 2 instruments. The transfer was made on 31 October 2014, when the final amounts and classification of the assets acquired and liabilities assumed were recognized or determined in the second half of 2014.

Movements in level 3 instruments

SIX carries unquoted equity instruments and option contracts from the derivatives clearing and settlement business as financial instruments at fair value through profit or loss classified within the fair value hierarchy as level 3.

CHF million	31/12/2014	31/12/2013
Holdings at the beginning of the year	**27.9**	**28.0**
Disposals	–2.0	–
Business combinations	25.6	–
Change in fair value of option contracts from clearing & settlement	6.5	–
Losses recognized in the income statement	–	–0.2
Gains recognized in the income statement	1.6	0.1
Total book value at closing	**59.5**	**27.9**
Income on holdings at closing		
Unrealized losses recognized in the income statement	–	–0.2
Unrealized gains recognized in the income statement	1.6	0.1

As at 31 December 2014, SIX had CHF 32.0 million outstanding option contracts from clearing and settlement activities as a central counterparty in derivative trading, as it fulfills its task of matching buy and sell orders. As such, the positive fair values of the outstanding option contracts equal the negative fair values. Accordingly, changes in the fair value of the option contracts from clearing and settlement in derivative trading impact neither profit or loss nor total comprehensive income.

28. Derivative financial instruments

The following table shows the replacement values and the respective contract volumes at 31 December 2014 and 31 December 2013, respectively.

			31/12/2014			31/12/2013
CHF million	Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
Hedging derivatives						
Forward contracts	–	–	–	–	3.3	32.2
Foreign currency	–	–	–	–	3.3	32.2
Total hedging derivatives	**–**	**–**	**–**	**–**	**3.3**	**32.2**
Trading derivatives						
Forward contracts	38.4	39.1	6,360.5	47.4	45.7	10,065.6
Foreign currency	0.4	0.3	57.0	0.2	0.2	47.0
Equities/indices/debt instruments/others	38.0	38.7	6,303.5	47.2	45.5	10,018.6
Swaps	0.0	0.1	341.7	0.1	0.3	351.9
Foreign currency	0.0	0.1	341.7	0.1	0.3	351.9
Options (exchange-traded)	32.0	32.0	143.5	–	–	–
Equities/indices	32.0	32.0	143.5	–	–	–
Total trading derivatives	**70.5**	**71.2**	**6,845.7**	**47.6**	**46.1**	**10,417.5**
Total derivative financial instruments	**70.5**	**71.2**	**6,845.7**	**47.6**	**49.4**	**10,449.7**

The management of SIX believes that the positive or negative replacement value best represents the cash flows that would have to be received or paid if these positions had to be settled or closed out.

The breakdown by currency of the contract values of the foreign currency derivative financial instruments is as follows:

CHF million	31/12/2014	31/12/2013
EUR	348.9	350.6
USD	19.6	15.9
SEK	8.9	9.5
NOK	1.3	33.2
Others	19.9	21.8
Total	**398.7**	**431.1**

Derivative financial instruments held for trading purposes

SIX purchases various derivative financial instruments for the purpose of hedging as part of its risk strategy, with in general no application of hedge accounting. The majority of derivative financial instruments arise within the clearing and settlement business of SIX.

The positive replacement values include in particular the positive fair value of forward contracts and options from the clearing and settlement business of SIX. Other derivative financial assets from forward foreign exchange transactions and swaps represent the estimated amount that SIX would receive if the derivative contracts were settled in full on the reporting date.

The negative replacement values include in particular the negative fair value of forward contracts and options from the clearing and settlement business of SIX. Other derivative financial liabilities from forward foreign exchange transactions and swaps indicate the estimated amount that SIX would need to pay if the derivative instruments were settled in full on the reporting date.

Derivative financial instruments held for cash flow hedges

In May 2014, a forward contract that had been entered into in December 2012 to hedge the foreign currency exposure relating to the acquisition of Oslo Clearing ASA was executed. The corresponding loss of the hedge of CHF 2.9 million is part of the purchase price of Oslo Clearing ASA. Further information on the acquisition of Oslo Clearing ASA is provided in note 31.

29. Offsetting

The following tables contain the amounts that have been offset (if any) in the balance sheet and those amounts that are covered by enforceable netting arrangements, but do not qualify for netting under the requirements of IAS 32 (see note 2):

31/12/2014

CHF million	Assets subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross assets before balance sheet netting	Balance sheet netting with gross liabilities	**Net assets reported on the balance sheet** [1]	Related amounts not offset: Financial liabilities	Collateral received [2]	**Assets after consideration of netting potential**	**Assets not subject to enforceable netting arrangements**	**Balance sheet total**
Receivables from C&S	987.8	–	987.8	–17.5	–970.2	–	1,280.1	2,267.9
Receivables from C&S	85.9	–	85.9	–17.5	–68.4	–	1,280.1	1,366.1
Reverse repurchase agreements	901.8	–	901.8	–	–901.8	–	–	901.8
Financial assets (current)	402.5	–329.5	73.0	–54.7	–18.2	–	586.8	659.7
Positive RPVs of derivatives	402.5	–329.5	73.0	–54.7	–18.2	–	–2.5	70.5
Other financial assets (current)	–	–	–	–	–	–	589.3	589.3
Total assets	**1,390.2**	**–329.5**	**1,060.7**	**–72.3**	**–988.5**	**–**	**1,866.9**	**2,927.6**

31/12/2013

CHF million	Assets subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross assets before balance sheet netting	Balance sheet netting with gross liabilities	**Net assets reported on the balance sheet** [1]	Related amounts not offset: Financial liabilities	Collateral received [2]	**Assets after consideration of netting potential**	**Assets not subject to enforceable netting arrangements**	**Balance sheet total**
Receivables from C&S	448.8	–	448.8	–9.4	–439.4	–	1,433.2	1,882.0
Receivables from C&S	97.2	–	97.2	–9.4	–87.8	–	1,433.2	1,530.4
Reverse repurchase agreements	351.6	–	351.6	–	–351.6	–	–	351.6
Financial assets (current)	45.0	–	45.0	–38.4	–6.6	–	495.9	540.9
Positive RPVs of derivatives	45.0	–	45.0	–38.4	–6.6	–	2.6	47.6
Other financial assets (current)	–	–	–	–	–	–	493.3	493.3
Total assets	**493.8**	**–**	**493.8**	**–47.8**	**–446.0**	**–**	**1,929.1**	**2,422.9**

[1] The balance sheet total is the sum of "net assets/liabilities reported on the balance sheet" that are subject to enforceable netting arrangements and "assets/liabilities not subject to enforceable netting arrangements".
[2] Financial collateral is reflected at its fair value, but has been limited to the net balance sheet exposure so as not to include any over-collateralization.

31/12/2014

CHF million	Liabilities subject to enforceable netting arrangements – Effects of offsetting on balance sheet: Gross liabilities before balance sheet netting	Balance sheet netting with gross assets	Net liabilities reported on the balance sheet [1]	Related amounts not offset: Financial assets	Collateral pledged [2]	Liabilities after consideration of netting potential	Liabilities not subject to enforceable netting arrangements	Balance sheet total
Payables from C&S	811.2	–	811.2	–17.5	–	793.6	5,788.8	6,600.0
Financial liabilities (current)	403.2	–329.5	73.7	–54.7	–18.9	–	22.3	96.0
Negative RPVs of derivatives	403.2	–329.5	73.7	–54.7	–18.9	–	–2.4	71.2
Other financial liabilities (current)	–	–	–	–	–	–	24.7	24.7
Total liabilities	**1,214.3**	**–329.5**	**884.8**	**–72.3**	**–18.9**	**793.6**	**5,811.1**	**6,695.9**

31/12/2013

CHF million	Liabilities subject to enforceable netting arrangements – Effects of offsetting on balance sheet: Gross liabilities before balance sheet netting	Balance sheet netting with gross assets	Net liabilities reported on the balance sheet [1]	Related amounts not offset: Financial assets	Collateral pledged [2]	Liabilities after consideration of netting potential	Liabilities not subject to enforceable netting arrangements	Balance sheet total
Payables from C&S	398.6	–	398.6	–9.4	–	389.3	4,503.5	4,902.1
Financial liabilities (current)	45.0	–	45.0	–38.4	–6.6	–	53.3	98.3
Negative RPVs of derivatives	45.0	–	45.0	–38.4	–6.6	–	4.4	49.4
Other financial liabilities (current)	–	–	–	–	–	–	48.9	48.9
Total liabilities	**443.6**	**–**	**443.6**	**–47.8**	**–6.6**	**389.3**	**4,556.8**	**5,000.4**

[1] The balance sheet total is the sum of "net assets/liabilities reported on the balance sheet" that could be subject to enforceable netting arrangements and "assets/liabilities not subject to enforceable netting arrangements".
[2] Financial collateral is reflected at its fair value, but has been limited to the net balance sheet exposure so as not to include any over-collateralization.

Related amounts offset

Claims and liabilities related to open positions from the clearing and settlement of derivatives are subject to the netting conditions as defined in the Clearing Rules of Oslo Clearing ASA. Open positions are offset to the extent that netting is permitted, which requires that the amounts relate to the same clearing representative, the same derivative series and the same maturity date.

Related amounts not offset

Positive/negative replacement values (RPVs) of derivatives and receivables/payables from clearing & settlement

These receivables and payables are subject to set-off under netting agreements, such as the General Terms and Conditions of Business for Clearing of Trading Platform Transactions. The netting agreements stipulate that close-out netting applies across all outstanding transactions with the same clearing member if a default event or other predetermined event occurs. Such arrangements however do not provide a legally enforceable right in the normal course of business.

SIX x-clear Ltd and Oslo Clearing ASA act as central counterparties for securities trading. If one counterparty (buyer or seller) fails, they are exposed to the price fluctuation of the securities, as the remaining late leg is not offset by the settled leg. To cover this risk, SIX x-clear Ltd and Oslo Clearing ASA obtain collateral to cover the net exposure. The collateral can be realized in a default event or if another predetermined event occurs.

Reverse repurchase agreements

Receivables and payables related to reverse repurchase agreements are subject to set-off under netting agreements, such as the Swiss Master Agreement for Repo Trades and/or Global Master Repurchase Agreement. These agreements stipulate that all outstanding transactions with the same counterparty can be offset, and close-out netting applies across all outstanding transactions covered by the agreements if a default event or other predetermined event occurs. Such arrangements however do not provide a legally enforceable right in the normal course of business.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

Group composition

30. Interests in other entities

Subsidiaries

The list below shows SIX Group Ltd and its subsidiaries at 31 December 2014 in comparison with 31 December 2013.

Fully consolidated participations

Name of entity	Principal place of business	Principal activities	Share capital in 1,000		31/12/2014 Equity interest in %	31/12/2013 Equity interest in %
Corporate						
SIX Group Ltd	Zurich	Holding company	CHF	19,522	–	–
SIX Group Services Ltd	Zurich	IT services	CHF	52,500	100.0	100.0
SIX Management Ltd	Zurich	Management services	CHF	100	100.0	100.0
Swiss Exchange						
Indexium Ltd	Zurich	Distribution of index families	CHF	100	50.1	50.1
SIX Exfeed Ltd	Zurich	Distribution of financial information	CHF	1,100	100.0	100.0
SIX Structured Products Exchange Ltd (formerly Scoach Switzerland Ltd)	Zurich	Stock exchange and stock exchange services	CHF	100	100.0	100.0
SIX Swiss Exchange Ltd	Zurich	Stock exchange and stock exchange services	CHF	10,000	100.0	100.0
SIX Swiss Exchange Securities Matcher Ltd	Zurich	Stock exchange services	CHF	100	100.0	100.0
SWISSTRADINGBOX Ltd	Zurich	IT services	CHF	800	50.1	50.1
Securities Services						
Oslo Clearing ASA	Oslo	Clearing	NOK	60,000	100.0	–
Projektgesellschaft Softwareentwicklung Oktober 2011 Ltd	Frankfurt a. M.	Inactive	EUR	50	100.0	100.0
SIX Repo Ltd	Zurich	Swiss money market trading platform	CHF	100	100.0	100.0
SIX SAG Ltd	Olten	Share register	CHF	100	100.0	100.0
SIX Securities Services Ltd	Zurich	Holding company	CHF	26,000	100.0	100.0
SIX SIS Ltd	Olten	Settlement and custody	CHF	26,000	100.0	100.0
SIX SIS International Ltd	Zurich	Inactive	CHF	100	100.0	100.0
SIX SIS Nominee U.K. Ltd	Olten	Nominee	CHF	100	100.0	100.0
SIX Systems Ltd	Olten	Inactive	CHF	2,500	100.0	100.0
SIX Terravis Ltd	Zurich	Real estate information portal	CHF	4,100	100.0	100.0
SIX x-clear Ltd	Zurich	Clearing	CHF	30,000	100.0	100.0

Name of entity	Principal place of business	Principal activities	Share capital in 1,000		31/12/2014 Equity interest in %	31/12/2013 Equity interest in %
Financial Information						
CETREL Securities SA	Luxembourg	Financial information services	EUR	5,500	100.0	100.0
Europerformance SIX Telekurs	Nanterre Cedex	Financial information services	EUR	45	94.4	94.4
Finaccess SIX Financial Information SAM	Casablanca	Financial information services	MAD	8,548	55.0	55.0
Rolotec Ltd	Biel	Development and engineering of software	CHF	200	100.0	100.0
SIX Financial Information Ltd	Zurich	Financial information services	CHF	–	–	100.0
SIX Financial Information Ltd (formerly Telekurs Holding Ltd)	Zurich	Financial information services	CHF	45,000	100.0	100.0
SIX Financial Information Belgium SA	Brussels	Financial information services	EUR	505	100.0	100.0
SIX Financial Information Denmark A/S	Copenhagen	Financial information services	DKK	1,600	100.0	100.0
SIX Financial Information Deutschland GmbH	Frankfurt a. M.	Financial information services	EUR	512	100.0	100.0
SIX Financial Information España SA	Madrid	Financial information services	EUR	424	100.0	100.0
SIX Financial Information Finland Oy	Helsinki	Financial information services	EUR	8	100.0	100.0
SIX Financial Information France SAS	Paris	Financial information services	EUR	44,900	100.0	100.0
SIX Financial Information Hong Kong Limited	Hong Kong	inactive	HKD	4,000	100.0	100.0
SIX Financial Information Italia Srl	Milan	Financial information services	EUR	100	100.0	100.0
SIX Financial Information Japan Ltd	Tokyo	Financial information services	JPY	40,000	100.0	100.0
SIX Financial Information Luxembourg SA	Bertrange	Financial information services	EUR	31	100.0	100.0
SIX Financial Information Monaco SAM	Monaco	Financial information services	EUR	150	100.0	100.0
SIX Financial Information Nederland BV	Amsterdam	Financial information services	EUR	250	100.0	100.0
SIX Financial Information Norway AS	Oslo	Financial information services	NOK	550	100.0	100.0
SIX Financial Information Singapore Pte Ltd	Singapore	Financial information services	SGD	25	100.0	100.0
SIX Financial Information Sweden AB	Stockholm	Financial information services	SEK	100	100.0	100.0
SIX Financial Information UK Ltd	London	Financial information services	GBP	500	100.0	100.0
SIX Financial Information USA Inc	Stamford USA	Financial information services	USD	0	100.0	100.0
STK Nordic AB	Stockholm	Financial information services	SEK	100	100.0	100.0
Payment Services						
C6 Ré SA	Luxembourg	Reinsurance	EUR	3,400	100.0	100.0
CETREL SA	Luxembourg	Integrated payment solutions	EUR	4,713	100.0	100.0
PayLife Bank GmbH	Vienna	Integrated payment solutions	EUR	13,235	100.0	100.0
PayLife Service GmbH	Vienna	Integrated payment solutions	EUR	–	–	100.0
SIX Austria Holding GmbH	Vienna	Holding company	EUR	35	100.0	100.0
SIX Card Solutions Payment GmbH	Norderstedt	Integrated payment solutions	EUR	102	100.0	100.0
SIX Interbank Clearing Ltd	Zurich	Interbank payment services	CHF	1,000	75.0	75.0
SIX Payment Services Ltd	Zurich	Integrated payment solutions	CHF	6,500	100.0	100.0
SIX Payment Services (Europe) SA	Luxembourg	Merchant acquiring services	EUR	1,820	100.0	100.0
SIX Payment Services (Germany) GmbH	Norderstedt	Integrated payment solutions	EUR	25	100.0	100.0
SIX Payment Services (Luxembourg) SA	Leudelange	Integrated payment solutions	EUR	255	100.0	100.0
SIX Payment Services (Sweden) AB	Johanneshov	Integrated payment solutions	SEK	500	100.0	100.0
SIX Payment Services (UK) Ltd	Twickenham	Integrated payment solutions	GBP	0	100.0	100.0
SIX Payment Services (USA) Corp	Delaware	Integrated payment solutions	USD	0	100.0	100.0
SIX Paynet Ltd	Zurich	E-billing services	CHF	100	100.0	–
Swisskey Ltd	Zurich	Inactive	CHF	100	100.0	100.0
Telekurs Card Services SA	Zurich	Inactive	CHF	100	100.0	100.0

Unless otherwise stated, the subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held is equal to the voting rights held by SIX.

SIX has issued guarantees to certain banks in respect of the credit facilities amounting to CHF 48.8 million (31 December 2013: CHF 48.8 million) granted to these entities.

Changes to the composition of the Group during 2014

In January 2014, SIX Financial Information Ltd was merged with Telekurs Holding Ltd. The merger had no impact on the Group's consolidated figures as at 31 December 2014. Subsequently in January 2014, Telekurs Holding Ltd was renamed SIX Financial Information Ltd and was transferred to the Financial Information operating segment.

In January 2014, PayLife Service GmbH was merged with PayLife Bank GmbH. The merger had no impact on the Group's consolidated figures as at 31 December 2014.

In January 2014, Scoach Switzerland Ltd was renamed SIX Structured Products Exchange Ltd.

In January 2014, CETREL Securities SA was transferred from the Payment Services operating segment to the Financial Information operating segment.

In April 2014, SIX Repo Ltd was transferred from the Swiss Exchange operating segment to the Securities Services operating segment.

In May 2014, SIX acquired 100% of Oslo Clearing ASA (see note 31).

In October 2014, SIX Paynet Ltd was established with fully paid-up share capital of CHF 0.1 million.

Changes to the composition of the Group during 2013

In May 2013, the capital of SIX Payment Services (Europe) SA was increased by EUR 0.6 million.

In July 2013, SIX Repo Ltd was established with fully paid-up share capital of CHF 0.1 million.

In July 2013, Scoach Switzerland Ltd became a wholly owned subsidiary of SIX; it has been consolidated in the SIX consolidated financial statements since 1 July 2013 (see note 31).

SWISSTRADINGBOX Ltd was established in August 2013 with share capital of CHF 0.8 million, of which CHF 0.4 million was contributed by non-controlling interests.

CETREL Securities SA realized a capital increase of EUR 4.0 million in September 2013.

In September 2013, SIX Group Ltd acquired 100% of PayLife Bank GmbH and PayLife Service GmbH (see note 31).

In December 2013, SIX acquired the remaining 50% of CETREL SA (see note 31).

Non-controlling interests in subsidiaries

The following table summarizes the information relating to the SIX subsidiaries that have material non-controlling interests (NCI), before any intra-Group elimination.

CHF million	SIX Interbank Clearing Ltd	Other	Total
			31/12/2014
NCI percentage	**25.0%**		
Current assets	12.8	10.5	23.3
Non-current assets	25.1	21.4	46.5
Current liabilities	7.4	17.7	25.1
Non-current liabilities	1.4	14.2	15.6
Net assets	**29.2**	**–0.1**	**29.1**
NCI equity	**7.3**	**–0.3**	**7.0**
Revenues	**34.3**	**18.2**	**52.4**
Net profit	10.5	0.2	10.7
Other comprehensive income	–0.4	–0.1	–0.5
Total comprehensive income	**10.1**	**0.1**	**10.2**
NCI comprehensive income	**2.5**	**–0.2**	**2.3**
Cash flows from operating activities	19.7	7.7	27.4
Cash flows from investing activities	–9.2	–6.5	–15.7
Cash flows from financing activities, before dividends to NCI	–1.4	–1.3	–2.7
Cash flows from financing activities, dividends to NCI	–0.5	–0.3	–0.7
Net increase/decrease in cash and cash equivalents	**8.6**	**–0.3**	**8.3**

CHF million	CETREL SA	SIX Interbank Clearing Ltd	Other	Total
				31/12/2013
NCI percentage	**0.0%**	**25.0%**		
Current assets	–	12.4	10.2	22.6
Non-current assets	–	18.4	17.4	35.8
Current liabilities	–	7.1	11.9	19.0
Non-current liabilities	–	0.9	14.2	15.0
Net assets	**–**	**22.8**	**1.5**	**24.3**
NCI equity	**–**	**5.7**	**–0.3**	**5.4**
Revenues	**53.3**	**34.0**	**23.1**	**110.4**
Net profit	2.4	9.9	2.6	14.9
Other comprehensive income	–0.1	1.8	–	1.7
Total comprehensive income	**2.3**	**11.7**	**2.6**	**16.6**
NCI comprehensive income	**1.1**	**2.9**	**0.9**	**4.9**
Cash flows from operating activities	8.6	12.4	16.6	37.6
Cash flows from investing activities	–12.4	–8.7	–8.6	–29.7
Cash flows from financing activities, before dividends to NCI	4.9	–2.9	4.2	6.3
Cash flows from financing activities, dividends to NCI	–	–1.0	–0.4	–1.3
Net increase/decrease in cash and cash equivalents	**1.2**	**–0.1**	**11.8**	**12.9**

Associated companies

Name of entity	Principal place of business	Principal activities	Share capital in 1,000		Equity interest in % 31/12/2014	Equity interest in % 31/12/2013
Corporate						
SECB Swiss Euro Clearing Bank GmbH	Frankfurt a. M.	Clearing house	EUR	30,000	25.0	25.0
Swiss Exchange						
STOXX Ltd	Zurich	Distribution of index families	CHF	1,000	49.9	49.9
Swiss Fund Data Ltd	Zurich	Fund information platforms	CHF	850	29.4	29.4
Securities Services						
AccuMatch Ltd	Zurich	Inactive	CHF	–	–	70.0

AccuMatch Ltd was liquidated in December 2014. The liquidating dividend of CHF 8.1 million corresponds to the carrying amount of AccuMatch Ltd as at the date of liquidation. The liquidation therefore had no impact on the profit and loss of the Group as at 31 December 2014. In the past, although SIX owned more than half of AccuMatch Ltd and more than half of the voting rights, the management determined that SIX did not control this entity because it was in the process of liquidation.

All investments in associates are accounted for using the equity method. The investments in associates included at the reporting date have a total carrying amount of CHF 221.5 million (31 December 2013: CHF 217.9 million).

STOXX Ltd and SECB Swiss Euro Clearing Bank GmbH (SECB) are considered significant investments in associates. STOXX Ltd is responsible for the marketing, maintenance and distribution of Deutsche Börse and SIX Swiss Exchange’s domestic indices: DAX® and SMI®. SECB provides Swiss banks with an appropriate connection to euroSIC, the clearing system for payments in euro.

CHF million	STOXX Ltd	SECB Swiss Euro Clearing GmbH	Other	Total
At 1 January 2014	**194.6**	**15.0**	**8.3**	**217.9**
Disposals	–	–	–8.1	–8.1
Dividends received	–14.5	–0.5	–	–14.9
Share of profit	23.1	3.5	–	26.6
Other comprehensive income	–	–	–	–
At 31 December 2014	**203.2**	**18.1**	**0.3**	**221.5**

CHF million	STOXX Ltd	SECB Swiss Euro Clearing GmbH
Current assets	120.7	2,339.8
Non-current assets	75.9	4.9
Current liabilities	–17.8	–2,275.9
Non-current liabilities	–30.4	–2.9
Net assets	**148.3**	**65.9**
Percentage held	49.9%	25.0%
SIX share of associates' net assets	74.0	16.5
Proportionate PPA assets, net of tax	77.7	–
Goodwill	16.0	–
Other adjustments	15.5	–
Currency translation adjustment	20.0	1.6
Total carrying amount	**203.2**	**18.1**
Revenues	**107.0**	**29.0**
Net profit	**50.7**	**14.1**
SIX share of associates' net profit	25.3	3.5
Depreciation of proportionate PPA assets, net of tax	–2.2	–
SIX share of profit	**23.1**	**3.5**

None of the SIX associates are publicly listed entities and consequently they do not have published price quotations.

CHF million	STOXX Ltd	SECB Swiss Euro Clearing GmbH	Other	Total
At 1 January 2013	**183.8**	**12.4**	**20.6**	**216.8**
Disposals	–	–	–5.2	–5.2
Dividends received	–9.7	–0.5	–7.8	–18.0
Share of profit	20.5	3.0	0.8	24.4
Other comprehensive income	–	–	–0.1	–0.1
At 31 December 2013	**194.6**	**15.0**	**8.3**	**217.9**

CHF million	STOXX Ltd	SECB Swiss Euro Clearing GmbH
Current assets	91.9	2,386.6
Non-current assets	77.5	4.1
Current liabilities	–12.5	–2,334.2
Non-current liabilities	–27.7	–1.8
Net assets	**129.2**	**54.8**
Percentage held	49.9%	25.0%
SIX share of associates' net assets	64.5	13.7
Proportionate PPA assets, net of tax	78.4	–
Goodwill	16.0	–
Other adjustments	15.5	–
Currency translation adjustment	20.3	1.3
Total carrying amount	**194.6**	**15.0**
Revenues	**87.6**	**26.1**
Net profit	**45.6**	**12.2**
SIX share of associates' net profit	22.8	3.0
Depreciation of proportionate PPA assets, net of tax	–2.2	–
SIX share of profit	**20.5**	**3.0**

Interests in unconsolidated structured entities

In 2009, when SIX acquired a 50% interest in CETREL SA, land and buildings, which are used by CETREL SA were spun off into FS-B S.à.r.l and FS-T S.à.r.l. These companies were founded by contributions in kind just before the acquisition of 50% interest in CETREL SA, with the purpose of ring-fencing the land and buildings from SIX.

FS-B S.à.r.l. and FS-T S.à.r.l. hold and manage the land and building and rent it to CETREL SA, the parent company of both.

Besides the ordinary shares of CETREL SA, additional class A bonus shares were allocated to the founding shareholders of CETREL SA. These class A bonus shares exclusively entitled the founding shareholders to the assets of FS-B S.à.r.l. and FS-T S.à.r.l. At the same time, the founding shareholders were exposed to all corresponding commitments, liabilities and risks. SIX had no rights or obligations in respect of the real estate and land held by FS-B S.à.r.l. and FS-T S.à.r.l. and was not exposed to any risk.

In 2014, in connection with the acquisition of the remaining 50% interest in CETREL SA (see note 31) the class A bonus shares were redeemed to the founding shareholders. SIX therefore no longer has any connection to FS-B S.à.r.l or FS-T S.à.r.l.

31. Acquisitions of subsidiaries and non-controlling interests

Acquisitions in 2014

Oslo Clearing ASA

The agreement to acquire 100% of the shares and voting interests in Oslo Clearing ASA from Norway's Oslo Børs VPS Holding ASA, which was announced in December 2012, was closed on 2 May 2014. Oslo Clearing ASA is authorized to act as a central counterparty in accordance with the Norwegian Securities Trading Act and currently carries out central counterparty clearing of financial derivatives, equities and securities lending products. In taking this step, SIX is continuing to expand its service offering across Europe. The consolidation of additional volumes and clients onto a single platform is expected to help reduce costs and increase flexibility for clients. In addition, the clearing business often constitutes a door-opener for selling additional services such as settlement and/or custody to the same clients.

From the date of acquisition, Oslo Clearing ASA contributed CHF 4.4 million of revenues and CHF 1.1 million of profit to the Group. If the acquisition had occurred on 1 January 2014, management estimates the revenues and the profit would have been CHF 2.5 million and CHF 0.6 million higher, respectively.

The Group incurred acquisition-related costs of CHF 0.6 million relating to external legal fees and due diligence costs. These costs were included in other operating expenses, and CHF 0.1 million of this amount was incurred in 2014.

Identifiable assets acquired and liabilities assumed

The following table summarizes the final recognized amounts of assets acquired and liabilities assumed on the acquisition date. In comparison to the provisional amounts recognized in the Interim Report 2014, the client relationship and the related deferred tax liabilities have been recognized.

CHF million	Notes	Fair value recognized on acquisition
Cash and cash equivalents		156.6
Trade and other receivables		0.5
Receivables from clearing & settlement		0.1
Financial assets	17	104.5
Other current assets		0.8
Current assets		**262.5**
Property, plant and equipment	20	0.0
Customer relationships	21	3.2
Software	21	1.4
Deferred tax assets	13	0.4
Non-current assets		**5.0**
Total assets		**267.5**
Trade and other payables		0.2
Payables from clearing & settlement		202.2
Financial liabilities		38.3
Current income tax payables		0.2
Other current liabilities		1.2
Current liabilities		**242.1**
Deferred tax liabilities	13	0.9
Non-current liabilities		**0.9**
Net assets acquired		**24.5**
Goodwill	21	8.1
Total purchase price		**32.6**
Purchase price hedge	28	–2.9
Total consideration transferred in cash only		**29.7**

Trade and other receivables
Trade and other receivables comprise gross contractual amounts of CHF 0.5 million, none of which were expected at the date of acquisition to be uncollectible.

The following assets and liabilities not recognized on the balance sheet were identified in the context of the purchase price allocation (PPA). In accordance with IFRS 3, the assembled workforce was valued to derive the corresponding contributory asset charges for the measurement of customer relationships, but remains part of the goodwill.

Customer relationships
Prior to the acquisition, Oslo Clearing ASA had not capitalized any customer relationships or lists. The multi-period excess earnings method (MEEM) was applied to assess the fair value of the customer relationships. The MEEM values assets based on their economic benefit embodied by the net cash flows attributable to those assets, i.e. the cash flows in excess of a fair return on all other assets required to realize these cash flows.

The aggregate fair value of customer relationships amounted to CHF 3.2 million before deferred taxes.

Deferred taxes
Deferred tax liabilities in the amount of CHF 0.9 million are computed on total fair value adjustments, i.e. customer relationships, at a tax rate of 27%. The rate corresponds to the current applicable tax rate for companies domiciled in Norway.

Goodwill
The goodwill amount of CHF 8.1 million corresponds to 24.8% of the purchase price of CHF 32.6 million. None of the goodwill recognized is expected to be deductible for income tax purposes.

Impairment
For further details on the impairment test performed, which resulted in an impairment charge of CHF 10.2 million, please see note 21.

Update on acquisitions in 2013

Non-controlling interest in CETREL SA

In February 2009, SIX acquired 50% of CETREL SA. The agreement also entailed call options to increase the share held by SIX to 80% or 100%. The conditions precedent for the call option were met from 17 December 2013. As a result, SIX eliminated the non-controlling interest subject to the call options and recognized the estimated redemption amount of CHF 25.5 million as a financial liability as at 31 December 2013. In 2014, the call option was exercised and the liability settled, which resulted in a gain of CHF 0.9 million. This amount has been included in financial income.

Acquisitions in 2013

PayLife Bank GmbH

On 19 September 2013, SIX obtained control of PayLife Bank GmbH by acquiring 100% of the shares and voting interests in the company. The company was owned by a consortium of Austrian banks and is the Austrian market leader in the field of cashless payment. The acquisition not only gave SIX access to the Austrian and other interesting markets, but also brought SIX additional know-how in the payment field.

From the date of acquisition, PayLife Bank GmbH contributed CHF 63.9 million of revenues and negatively impacted the Group's profit before tax for the year 2013 by CHF 3.0 million. Assuming that the acquisition had taken place at 1 January 2013, Group revenues and profit before tax for 2013 would have been CHF 241.6 million and CHF 6.5 million higher, respectively.

The transaction costs of the acquisition, which totaled CHF 3.5 million, are contained in other operating expenses.

Identifiable assets acquired and liabilities assumed
The following table summarizes the recognized amounts of assets acquired and liabilities assumed on the acquisition date.

CHF million	Notes	Fair value recognized on acquisition
Cash and cash equivalents		12.7
Trade and other receivables		455.3
Inventories		5.3
Current income tax receivables	13	2.4
Other current assets		3.4
Current assets		**479.2**
Property, plant and equipment	20	14.3
Customer relationship	21	31.3
Brand	21	1.5
Other intangible assets	21	15.7
Indemnification asset		2.7
Other non-current assets		2.0
Deferred tax assets	14	1.7
Non-current assets		**69.2**
Total assets		**548.4**
Bank overdrafts		98.4
Trade and other payables		295.4
Provisions	24	1.0
Other current liabilities		34.6
Current liabilities		**429.3**
Provisions	24	4.9
Contingent liabilities	24	2.7
Other non-current liabilities		0.3
Deferred tax liabilities	14	9.7
Non-current liabilities		**17.6**
Net assets acquired		**101.5**
Goodwill	21	24.6
Total consideration transferred in cash only		**126.1**

Trade receivables comprise gross contractual amounts of CHF 463.0 million, of which CHF 7.7 million was expected at the acquisition date to be uncollectible.

The following assets and liabilities not recognized on the balance sheet were identified in the context of the purchase price allocation (PPA). In accordance with IFRS 3, the assembled workforce was valued to derive the corresponding contributory asset charges for the measurement of customer relationships, but remains part of the goodwill.

Customer relationships
Prior to the acquisition, PayLife Bank GmbH had not capitalized any customer relationships or lists. The multi-period excess earnings method (MEEM) was applied to assess the fair value of the customer relationships. The MEEM values assets based on their economic benefit embodied by the net cash flows attributable to those assets, i.e. the cash flows in excess of a fair return on all other assets required to realize these cash flows.

The aggregate fair value of customer relationships amounted to CHF 31.3 million before deferred taxes.

Brands
The “PayLife” brand is a registered trademark. The brand was introduced in 2008 and is well established in Austria. In addition, PayLife Bank GmbH has various trademarks registered for the different business segments, such as “Quick”, “PayLife Black” and “Bankomat”. Nevertheless, PayLife Bank GmbH had not capitalized any brands or trademarks. Therefore, a measurement of the respective brands and trademarks had to be conducted for the purpose of the PPA. The relief-from-royalty method was applied in the trademark measurement.

This measurement method is generally applied for assets that are frequently licensed in exchange for royalty payments. As the owner of the assets is relieved from paying such royalties to a third party for using the asset, the economic benefit is reflected by notional royalty savings.

The brands identified have an aggregate fair value of CHF 1.5 million before deferred taxes.

Contingent liability and indemnification asset
PayLife Bank GmbH has a pending legal claim which fulfills the criteria of a contingent liability at the date of acquisition, since there is an obligation of potential payments arising from past events and since the fair value can be measured reliably. A contingent liability was therefore recognized in the amount of CHF 2.7 million.

Since PayLife is fully indemnified by the sellers against such claims, an indemnification asset at the same amount has been recognized. The indemnification is subject to a cap of 15% of the closing purchase price.

Deferred tax
Deferred tax liabilities in the amount of CHF 8.9 million are calculated based on total fair value adjustments of CHF 35.8 million and a tax rate of 25%. The deferred tax asset of CHF 0.7 million relates to the contingent liability of CHF 2.7 million.

Goodwill
The goodwill amount of CHF 24.6 million corresponds to 19.7% of the purchase price and comprises the value of expected synergies arising from the acquisition.

The goodwill is allocated to the Merchant Service (MS), Financial Institution Service (FIS) and Consumer Service (CS) business areas in proportion to the present value of the attributable synergies. As a result, 22% of the goodwill, or CHF 5.4 million, is allocated to FIS/CS and 78%, or CHF 19.2 million, to MS.

None of the goodwill recognized is expected to be deductible for income tax purposes.

Scoach Switzerland Ltd
In February 2013, SIX announced that, effective 30 June 2013, it was terminating the cooperation agreement with Deutsche Börse AG governing the equity investments in Scoach Holding Ltd. The unbundling of Scoach enabled SIX to focus even further on the needs of participants in the Swiss market and to realize the associated growth opportunities.

Due to the termination, the cooperation ended on 30 June 2013. Consequently, with effect from 1 July 2013, the shares in Scoach Switzerland Ltd held by Scoach Holding Ltd were transferred to SIX Swiss Exchange Ltd; the shares in Scoach Holding Ltd previously held by SIX Swiss Exchange Ltd were transferred to Deutsche Börse AG. Following the transfer, Scoach Switzerland Ltd has become a wholly owned subsidiary of SIX, and Scoach Holding Ltd (including Scoach Europe Ltd) has become a wholly owned subsidiary of Deutsche Börse AG. Scoach Switzerland Ltd has therefore been fully consolidated in the financial statements of SIX since 1 July 2013.

The revenues and profit before tax contributed by the acquired entity in the period between the date of acquisition and the reporting date were CHF 5.3 million and CHF 2.9 million, respectively. If the acquisition had taken place at 1 January 2013, the revenues of the Group would have been approximately CHF 11.8 million higher and the profit before tax would have been approximately CHF 6.1 million higher.

The total consideration for this transaction amounted to CHF 13.7 million, of which CHF 13.0 million related to the remeasurement of the fair value of the equity interest in Scoach Holding Ltd (including Scoach Europe Ltd and Scoach Switzerland Ltd) held prior to the acquisition and CHF 0.7 million to the compensation amount paid to Deutsche Börse AG. The remeasurement resulted in a gain of CHF 8.8 million recorded as financial income. In addition, CHF 0.1 million previously recognized in other comprehensive income was reclassified to profit or loss.

Identifiable assets acquired and liabilities assumed
The following table summarizes the recognized amounts of assets acquired and liabilities assumed on the acquisition date. There were no adjustments necessary based on the measurement requirements in accordance with IFRS 3, and no additional assets and liabilities were identified in the context of the PPA.

CHF million	Notes	Fair value recognized on acquisition
Cash and cash equivalents		7.7
Trade and other receivables		1.3
Current income tax receivables	13	1.2
Other current assets		0.5
Current assets		**10.7**
Assets from pension fund benefits	35	0.1
Non-current assets		**0.1**
Total assets		**10.8**
Trade and other payables		0.4
Other current liabilities		0.7
Current liabilities		**1.1**
Net assets acquired		**9.7**
Goodwill	21	**4.0**
Consideration transferred in cash		0.7
Remeasurement to fair value of the previously held equity interest		13.0
Total consideration		**13.7**

Goodwill
The goodwill of CHF 4.0 million corresponds to 29.0% of the consideration transferred and comprises the value of expected synergies arising from the acquisition.

The goodwill is allocated to the Trading business area in the Swiss Exchange segment.

None of the goodwill recognized is expected to be deductible for income tax purposes.

Call option to buy out non-controlling interests
On 1 February 2009, SIX bought 50% of CETREL SA. The acquisition was based on the share purchase agreement signed on 17 December 2008. The agreement also entailed call options to increase the share held by SIX to 80% or 100%. As the conditions precedent of the call option were met from 17 December 2013, the call options give SIX the right to the present ownership of the remaining non-controlling interest of 50% in Cetrel SA. SIX therefore recognized the effect of those options in December 2013. The amount recorded as a financial liability represents the present value of management's best estimate of the amount required to settle the liability.

As a result, SIX eliminated the non-controlling interests subject to the call options in the amount of CHF 15.7 million and recognized the redemption amount as a financial liability totaling CHF 25.5 million, while CHF 9.8 million was recognized in retained earnings.

Additional information

32. Assets pledged or assigned to secure own liabilities and assets held as collateral

The following table presents the carrying amount of assets pledged as security or as collateral for liabilities and contingent liabilities:

CHF million	31/12/2014	31/12/2013
Cash and cash equivalents	0.1	3.9
Trade and other receivables/receivables from clearing & settlement	0.1	0.1
Financial assets at amortized cost	195.6	177.7
Total	**195.8**	**181.7**

In March 2013, SIX x-clear Ltd acquired sovereign bonds denominated in euro to finance its clearing interoperability. These bonds have a minimum rating of AA+ (S&P) or Aa1 (Moody's) and are pledged as collateral with Clearstream Banking SA in Luxembourg (CBL). The collateral in the amount of CHF 171.0 (31 December 2013: CHF 177.7 million) is then pledged to other contracting central counterparties (CCPs).

To receive a forward limit for foreign exchange transactions, cash in the amount of CHF 0.1 million (31 December 2013: CHF 3.9 million) is deposited at a bank and pledged as collateral.

SIX enters into collateralized reverse repurchase and repurchase agreements that are conducted under the usual terms and conditions applying to such agreements. As at 31 December 2014, receivables from reverse repo transactions amounted to CHF 901.8 million (31 December 2013: CHF 351.6 million). See note 16 for further details. No liabilities from repo transactions were outstanding at 31 December 2014 (31 December 2013: nil). In 2014, no cash was received as collateral (31 December 2013: nil), whereas the fair value of securities received as collateral from third parties under reverse repurchase agreements with unconditional right to sell on or repledge totaled CHF 902.3 million (31 December 2013: CHF 352.3 million). In 2014, SIX repledged securities received as collateral under repurchase agreements of CHF 200.0 million (31 December 2013: nil). In repurchase agreements, SIX does not pledge own assets in addition to the repledged securities.

33. Contingent liabilities

The contingent liabilities break down as follows:

CHF million	31/12/2014	31/12/2013
Guarantees	0.4	8.3
Other contingent liabilities	–	0.1
Total	**0.4**	**8.4**

On 31 December 2013 contingent liabilities consisted mainly of a parental performance guarantee amounting to CHF 5.9 million (31 December 2014: CHF 0.0 million) provided to Virt-x, which was required by the Financial Conduct Authority (FCA).

34. Operating leases

SIX as lessee

At the reporting date, the future minimum lease payments under non-cancellable operating lease agreements were as follows:

CHF million	31/12/2014	31/12/2013
Within one year	24.8	23.0
Between one and five years	78.9	82.7
More than five years	61.6	65.9
Total	**165.3**	**171.6**

Payments for operating leases relate mainly to rent for real estate property, business premises, vehicles and other IT equipment. Some of the leased real estate properties have been sublet to third parties by the Group. Those sublease agreements can be terminated at any time.

During the year an amount of CHF 28.0 million was recognized as an expense in the income statement in respect of operating leases (2013: CHF 27.7 million). SIX did not recognize contingent rents as an expense in the income statement in either 2014 or 2013.

SIX as lessor

At the reporting date, SIX had contractually agreed the following irrevocable minimum lease payments:

CHF million	31/12/2014	31/12/2013
Within one year	16.2	21.0
Between one and five years	21.4	24.3
More than five years	8.2	20.0
Total	**45.8**	**65.3**

Future receivables from operating leases include payments that SIX will receive in future as income from renting out its real estate properties and payment terminals to third parties. No contingent rents were recognized during the period.

35. Defined benefit plans

SIX has established a pension plan in Switzerland and uses different, generally legally independent, pension providers outside of Switzerland. Defined benefit plans are in place for Switzerland, France, Luxembourg and Austria. Independent actuarial valuations for the plans in these countries are performed as required. 99% of the present value of the defined benefit obligation can be allocated to the Swiss pension plan. For this reason, SIX has omitted to present the foreign pension plans separately.

Swiss pension plan

The Swiss pension plan covers all SIX employees in Switzerland and exceeds the minimum benefit requirements under Swiss law (BVG). The benefits covered include retirement, disability and death benefits. Pension plan contributions are paid by the employees and the employer. The employee contributions are calculated as a percentage of the covered salary. The Swiss plan provides employees with a choice between two saving plans: the standard plan and the maximum plan. At retirement, the employees' individual savings capital is multiplied by the conversion rate, which is defined by the pension fund regulations, and can be paid out as either a lifetime annuity or a lump-sum payment. In the event of disability the pension plan pays a disability pension until ordinary retirement age. In the event of death the surviving spouse or registered partner is entitled to receive a pension.

Although the Swiss pension plan is a defined contribution plan under Swiss pension law, it qualifies and is therefore accounted for as defined benefit plan under IAS 19 Employee Benefits (2013).

The Swiss pension plan qualifies as a multi-employer plan, as it also covers entities which are not under common control. All associated entities are responsible for the timely payment of contributions for each employee. The rate of contribution depends on the level of remuneration.

According to the relevant affiliation agreements, there is no provision for SIX to be liable to the plan for other affiliated companies' obligations. Any deficit or surplus of the pension plan will be allocated between the affiliated companies according to the relevant defined benefit obligation.

A key assumption in determining the defined benefit obligation is life expectancy. The Swiss pension plan applies the BVG 2010 periodic mortality table; however for IAS 19 purposes the generation mortality table is applied.

In the second half of 2013, SIX decided to amend the plan. SIX announced certain changes to its Swiss pension plan. The amendments included reductions in the actuarial interest rate and the conversion rate for the pension fund. SIX provided financial support for these amendments, amounting to CHF 35.0 million, in order to enable the fund to maintain future pensions at the current level. This plan amendment reduced the defined benefit obligation by CHF 4.9 million as at 31 December 2013, with a corresponding loss recognized in the income statement.

The employer contributions expected to be made to the Swiss pension plan in 2015 are CHF 38.3 million.

International pension plans

The international locations of SIX operate various pension plans in accordance with local regulations and practices. The locations with defined benefit plans are France, Luxembourg and Austria. The pension plans provide benefits in the event of retirement, death or disability. The level of benefits provided depends on the defined rate of benefit accrual and level of compensation. The funding policy for these plans is consistent with local government and tax requirements.

The assumptions used for calculation of the defined benefit obligation in international plans are based on local economic conditions.

The employer contributions expected to be made to these pension plans in 2015 are CHF 0.1 million.

In addition to the general actuarial risks, the risks associated with the defined benefit obligation relate especially to financial risks in connection with the plan assets, including counterparty credit default risk and market risks.

Plan assets

The overall investment policy and strategy for the Swiss defined benefit plans are guided by the objective of achieving an investment return which, together with the contribution paid, is sufficient to maintain reasonable control over the various funding risks of the plan. Depending on the country, the pension fund trustees and/or SIX are responsible for determining the mix of asset types and target allocations. Actual asset allocation is determined by a variety of current and expected economic and market conditions and in consideration of specific asset class risks, the risk profile and the maturity pattern of the plan.

Plan assets in Luxembourg and Austria are held in the form of a qualifying insurance policy. The employer is the policyholder and pays the premiums. The investment risk is retained by the insurer, who will pay a profit share to the policyholder from the return of the general insurance fund in the form of a reduction in future premiums.

The plan assets comprise:

CHF million	31/12/2014	31/12/2013
Equity instruments	381.9	292.1
of which listed	*381.9*	*292.1*
Debt instruments	651.7	704.2
of which listed	*651.7*	*704.2*
Real estate	204.6	179.4
of which indirect investments	*204.6*	*179.4*
Cash and cash equivalents	68.4	22.3
Other financial investments	38.2	46.3
Total plan assets	**1,344.9**	**1,244.3**

All equity and debt instruments have quoted prices in active markets. All government bonds have strong credit ratings.

An asset-liability matching (ALM) study is performed periodically by an external investment advisor, in which the consequences of the strategic investment policies are analyzed. The strategic investment policy of the pension fund for 2014 can be summarized as follows:

- The strategic asset allocation comprises 21% to 33% (neutral: 27%) equity instruments; 46% to 64% debt instruments (neutral: 55%); and 12% to 27% other investments (e.g. real estate, alternative investments and cash).
- Interest rate risk is not managed actively, but the pension plan is strongly underweighted in duration.
- The foreign currency risk of the main currencies is managed by implementing a currency overlay program and/or foreign currency hedge directly in the funds.

To counteract longevity risk, the pension plan strengthens its capital by 0.5% annually.

The following table summarizes the changes in the present value of the defined benefit obligation:

CHF million	2014	2013
Present value of obligation at 1 January	**–1,175.2**	**–1,088.9**
Effect of business combination and disposal	–	–9.8
Interest expenses on defined benefit obligation	–24.2	–22.4
Current service costs (employer)	–42.7	–43.3
Employee contributions	–28.6	–27.0
Benefits paid	17.4	16.0
Past service costs	–	–4.9
Plan curtailments and settlements	0.4	4.3
Actuarial gains or (losses)	–130.4	0.3
Administration costs	–0.6	–0.5
Translation adjustments	0.6	1.0
Present value of obligation at 31 December	**–1,383.2**	**–1,175.2**

Changes in the fair value of plan assets were as follows:

CHF million	2014	2013
Fair value of plan assets at 1 January	**1,244.3**	**1,139.8**
Effect of business combination and disposal	–	9.9
Employer contributions	38.8	36.3
Employee contributions	28.6	27.0
Interest income on assets	25.5	23.3
Return on plan assets (excl. contributions in interest income)	25.2	26.5
Assets distributed on settlement	–	–3.5
Benefits paid	–17.4	–15.9
Translation adjustments	–0.1	0.9
Present value of plan assets at 31 December	**1,344.9**	**1,244.3**

Amounts recognized in the balance sheet:

CHF million	31/12/2014	31/12/2013
Present value of defined benefit obligation	–1,383.2	–1,175.2
Fair value of plan assets	1,344.9	1,244.3
Recognized pension assets/(liabilities)	**–38.4**	**69.1**
of which presented as pension assets	*–*	*74.7*
of which presented as other liabilities	*–38.4*	*–5.6*

All benefits are vested at the end of the reporting period. The weighted average duration of the defined benefit obligation at the reporting date is 16 years (31 December 2013: 15 years).

The following table provides information relating to pension costs for defined benefit plans. These costs are part of personnel expenses in the income statement.

CHF million	2014	2013
Current service costs	–42.7	–43.3
Past service costs	–	–4.9
Plan settlements	0.4	0.8
Net interest expenses	1.3	0.9
Administration costs	–0.6	–0.5
Total pension expense for the period	**–41.6**	**–47.0**

Components recognized in other comprehensive income:

CHF million	2014	2013
Actuarial (gains)/losses	130.4	–0.3
Return on plan assets excl. interest income	–25.2	–26.5
Total (income)/expense recognized in OCI	**105.3**	**–26.9**

Actuarial gains and losses arise from changes in financial assumptions.

Assumptions used to determine the defined benefit obligation

The following are the principal actuarial assumptions at the reporting date:

	31/12/2014	31/12/2013
Discount rate	1.1%	2.0%
Salary trend	1.0%	1.0%

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarizes the positive or negative impact on the defined benefit obligation at the reporting as a result of a change in the various assumptions.

	31/12/2014			31/12/2013		
	Change in actuarial assumption			Change in actuarial assumption		
CHF million	+/–	+	–	+/–	+	–
Discount rate	0.50%	106.0	–122.5	0.50%	80.9	–93.3
Salary trend	0.25%	–8.4	8.2	0.25%	–5.8	5.6

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation in 2014 and are applied to adjust the defined benefit obligation at the reporting date based on the assumptions concerned. While the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity to the assumptions shown.

36. Related party disclosures

SIX defines related parties as:
– shareholders which have significant influence by delegating a member into the Board of Directors of SIX or have control over the activities of SIX
– associated companies which are significantly influenced by SIX
– post-employment benefit plans for the benefit of SIX employees
– other related parties, which include SWX Europe Holdings Ltd and SWX Europe Ltd
– key management personnel, close family members of key management personnel
– entities which are directly or indirectly controlled or jointly controlled by key management personnel or their close family members

Approximately 140 banks hold shares in SIX, but no bank holds more than 20% of the Group'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.

Transactions with related parties and companies are made at terms equivalent to those that prevail in arm's length transactions. Receivables from clearing & settlement due from related parties in the amount of CHF 43.2 million are collateralized (31 December 2013: CHF 26.8 million).

Guarantees have been provided to Group entities (see note 30).

No impairment allowances of receivables relating to amounts owed by related parties were recorded as at 31 December 2014 or 31 December 2013.

Transactions and outstanding balances with related parties of SIX as stated in the following tables are included in the Group's consolidated balance sheet and statement of comprehensive income as at and for the years ending 31 December 2014 and 31 December 2013, respectively.

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	Total
					2014
Income statement					
Commission revenues	86.4	–	–	–	86.4
Transaction revenues	130.8	–	–	–	130.8
Service revenues	86.2	9.4	–	–	95.6
Other operating income	2.1	0.0	–	–	2.1
Other operating expenses	–0.6	–2.3	–	–	–2.9
Contributions	–	–	–33.7	–	–33.7

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	Total
					31/12/2014
Balance sheet					
Cash and cash equivalents	335.7	836.6	–	–	1,172.3
Trade receivables/receivables from clearing & settlement	79.3	1.0	–	–	80.3
Deferred income	–	0.3	–	–	0.3
Trade payables/payables from clearing & settlement	1,583.9	0.5	0.1	–	1,584.5
Accrued expenses	0.5	–	–	–	0.5
Borrowings	–	–	–	24.7	24.7
Employer contribution reserves	–	–	35.2	–	35.2

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	Total
					2013
Income statement					
Commission revenues	86.4	–	–	–	86.4
Transaction revenues	119.1	–	–	–	119.1
Service revenues	87.1	10.4	–	–	97.5
Net interest income from banking business	0.2	–	–	–	0.2
Other operating income	1.0	–	–	–	1.0
Other operating expenses	–1.8	–1.1	–	–0.9	–3.8
Contributions	–	–	–30.7	–	–30.7

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	31/12/2013 Total
Balance sheet					
Cash and cash equivalents	252.1	643.2	–	–	895.3
Trade receivables/receivables from clearing & settlement	86.4	0.1	–	0.1	86.5
Deferred income	–	0.3	–	–	0.3
Trade payables/payables from clearing & settlement	1,406.1	–	0.2	–	1,406.3
Borrowings	–	–	–	23.5	23.5
Employer contribution reserves	–	–	69.6	–	69.6

Compensation paid to key management personnel

Key management personnel are defined as members of the Board of Directors and Group Executive Board. This definition is based on the revised requirements of IAS 24 Related Party Disclosures issued in November 2009.

The members of the Board of Directors and the Executive Board of the Group and their immediate relatives do not have any ownership interest in the Group's companies.

Apart from the compensation paid and the regular contributions to the pension fund institutions, no transactions with key management personnel took place. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period.

CHF million	2014	2013
Salaries and other short-term employee benefits	–13.2	–12.0
Other long-term benefits	–3.3	–2.8
Total compensation to key management	**–16.6**	**–14.8**

37. Events after the balance sheet date

As at 8 April 2015, the date of approval for issue of the financial statements by the Board of Directors, the Group had undergone no subsequent events warranting a modification of the value of the assets and liabilities or an additional disclosure.

On 15 January 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate of 1.20 Swiss francs per euro. The amounts reported in the consolidated financial statements 2014 do not reflect changes in foreign exchange rates after 31 December 2014. Since the Group uses the Swiss franc as the presentation currency in its consolidated financial statements, a weakening of foreign currencies against the Swiss franc will have a negative currency translation impact on the Group's consolidated results when reported in Swiss francs.

As at the date of approval of the financial statements, changes in foreign exchange rates had not caused material foreign exchange gains or losses in the Group's results for 2015. The Group's foreign exchange risk management is disclosed in note 26.

Report of the statutory auditor on the consolidated financial statements

To the General Meeting of SIX Group Ltd, Zurich
Zurich, 8 April 2015

As statutory auditor, we have audited the consolidated financial statements of SIX Group Ltd, which comprise the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 7 to 83), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

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 consolidated financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

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

Pascal Berli
Licensed audit expert

SIX Group Ltd financial statements 2014

1. Income statement

CHF million	2014	2013
Income from participations	216.8	155.7
Service revenues	15.0	13.9
Total operating income	**231.8**	**169.5**
Consulting and other professional fees	–14.3	–15.3
Depreciation, amortization and impairment	–11.6	–3.4
Other operating expenses	–0.9	–0.7
Total operating expenses	**–26.8**	**–19.4**
Operating profit	**205.1**	**150.1**
Financial income	68.4	37.7
Financial expenses	–24.0	–19.2
Earnings before interest and tax (EBIT)	**249.5**	**168.6**
Taxes	–3.0	–1.5
Net income	**246.5**	**167.2**

2. Balance sheet

CHF million	31/12/2014	31/12/2013
Assets		
Liquid funds[1]	303.6	177.5
Securities	555.3	520.4
Receivables – Group	259.1	295.6
Receivables – third parties	1.1	2.8
Accrued income and prepaid expenses	2.6	3.5
Current assets	**1,121.7**	**999.7**
Participations	1,761.4	1,426.0
Loans – Group	268.8	330.1
Other financial assets	0.1	3.9
Intangible assets	–	1.1
Non-current assets	**2,030.3**	**1,761.0**
Total assets	**3,152.0**	**2,760.7**
Liabilities		
Liabilities – Group	542.8	274.3
Liabilities – third parties	0.2	25.7
Accrued expenses and deferred income	4.4	5.1
Current liabilities	**547.4**	**305.0**
Provisions	5.0	5.0
Non-current liabilities	**5.0**	**5.0**
Total liabilities	**552.4**	**310.0**
Equity		
Share capital	19.5	19.5
Capital contribution reserve	386.4	484.0
Reserve for treasury shares	23.3	23.3
Retained earnings	1,923.9	1,756.7
Net income	246.5	167.2
Total equity	**2,599.6**	**2,450.7**
Total liabilities and equity	**3,152.0**	**2,760.7**

[1] Liquid funds include cash positions held with related parties.

3. Statement of changes in equity

CHF million	Share capital	Capital contribution reserve	Reserve for treasury shares	Retained earnings	Total
Balance at 1 January 2014	**19.5**	**484.0**	**23.3**	**1,923.9**	**2,450.7**
Dividend payments	–	–97.6	–	–	–97.6
Net income	–	–	–	246.5	246.5
Balance at 31 December 2014	**19.5**	**386.4**	**23.3**	**2,170.4**	**2,599.6**

CHF million	Share capital	Capital contribution reserve	Reserve for treasury shares	Retained earnings	Total
Balance at 1 January 2013	**19.5**	**783.8**	**23.3**	**1,756.7**	**2,583.4**
Dividend payments	–	–299.9	–	–	–299.9
Net income	–	–	–	167.2	167.2
Balance at 31 December 2013	**19.5**	**484.0**	**23.3**	**1,923.9**	**2,450.7**

4. Notes to the financial statements

Accounting policies

Assets and liabilities are stated in the balance sheet in accordance with the provisions of the Swiss Code of Obligations (CO). The SIX Group Holding's financial statements are presented in millions of Swiss francs (CHF), which is the presentation currency.

Pension scheme liabilities

CHF million	31/12/2014	31/12/2013
Liabilities – pension schemes	0.1	0.2

Treasury shares

	31/12/2014		31/12/2013	
	Number	CHF million	Number	CHF million
Held directly	10	–	10	–
Held by subsidiaries	607,854	23,348	607,854	23,348

At 31 December 2014, SIX held 607,864 shares directly or indirectly via its subsidiaries. There was no change in the number of treasury shares compared with 31 December 2013.

Participations

	Share capital in 1,000		31/12/2014 Share in %	31/12/2013 Share in %
Switzerland				
SIX Management Ltd, Zurich	CHF	100	100.0	100.0
Indexium Ltd, Zurich	CHF	100	50.1	50.1
Rolotec Ltd, Biel	CHF	200	100.0	–
SIX Exfeed Ltd, Zurich	CHF	1,100	100.0	100.0
SIX Financial Information Ltd, Zurich (formerly Telekurs Holding Ltd)	CHF	45,000	100.0	100.0
SIX Group Services Ltd, Zurich	CHF	52,500	100.0	–
SIX Interbank Clearing Ltd, Zurich	CHF	1,000	75.0	–
SIX Payment Services Ltd, Zurich	CHF	6,500	100.0	–
SIX Paynet Ltd, Zurich	CHF	100	100.0	–
SIX Repo Ltd, Zurich	CHF	100	100.0	–
SIX Securities Services Ltd, Zurich	CHF	26,000	100.0	100.0
SIX Swiss Exchange Ltd, Zurich	CHF	10,000	100.0	100.0
SIX Terravis Ltd, Zurich	CHF	4,100	100.0	100.0
Swisskey Ltd, Zurich	CHF	100	100.0	–
Telekurs Card Services SA, Zurich	CHF	100	100.0	–
Europe				
CETREL SA, Luxembourg	EUR	4,713	100.0	100.0
SIX Austria Holding GmbH, Vienna	EUR	35	100.0	–
SIX Financial Information Deutschland GmbH, Frankfurt a. M.	EUR	512	100.0	–
SIX Financial Information France SAS, Paris	EUR	44,900	100.0	–
SIX Financial Information Italia Srl, Milan	EUR	100	100.0	–
SIX Financial Information Luxembourg SA, Bertrange	EUR	31	100.0	–
SIX Financial Information Nederland BV, Amsterdam	EUR	250	100.0	–
SIX Financial Information UK Ltd, London	GBP	500	100.0	–
SIX Payment Services (Europe) SA, Luxembourg	EUR	1,820	100.0	100.0
SIX Payment Services (Luxembourg) SA, Leudelange	EUR	255	100.0	–
STK Nordic AB, Stockholm	SEK	100	100.0	–
America				
SIX Financial Information USA Inc, Stamford USA	USD	0	100.0	–
Asia				
SIX Financial Information Hong Kong Limited, Hong Kong	HKD	4,000	100.0	–
SIX Financial Information Japan Ltd, Tokyo	JPY	40,000	100.0	–
SIX Financial Information Singapore Pte Ltd, Singapore	SGD	25	100.0	–
Non-consolidated participations				
STOXX Ltd, Zurich	CHF	1,000	49.9	49.9
SECB Swiss Euro Clearing Bank GmbH, Frankfurt a. M.	EUR	30,000	25.0	–

All new investments were acquired from subsidiaries as of 1 January 2014.

Contingencies

CHF million	31/12/2014	31/12/2013
Guarantees and other contingent liabilities (in favor of participations)	0.4	0.4
Guarantees and other contingent liabilities (in favor of third parties)	95.4	95.4
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

SIX Group Ltd has granted credit lines of CHF 175.0 million (31 December 2013: CHF 150.0 million) to Swiss Group entities.

SIX Group Ltd acts as warrantor for some Group entities' liabilities with regard to the various credit lines and loans, which had a total value of CHF 48.4 million at the reporting date (31 December 2013: CHF 48.4 million).

SIX Group Ltd offers a default guarantee in the amount of CHF 47.0 million (31 December 2013: CHF 47.0 million) in the event of a total default by a member of the cash pool.

In the event of the insolvency of SIX Terravis Ltd, SIX Group Ltd provides a guarantee with a maximum amount of CHF 0.4 million (31 December 2013: CHF 0.4 million) arising from a warranty obligation.

Assets pledged

To receive a forward limit for foreign exchange transactions, cash in the amount of CHF 0.1 million (31 December 2013: CHF 3.9 million) is deposited at the bank and pledged as collateral.

5. Appropriation of profit

CHF million	2014	2013
Profit carried forward from previous year	**1,923.9**	**1,756.7**
Net income	246.5	167.2
Profit carried forward to the following year	**2,170.4**	**1,923.9**
Reserve from contribution of capital for distribution	386.4	484.0
Dividend CHF 8.00 per registered share of CHF 1 nominal value (previous year CHF 5.00)	–156.2	–97.6
Reserve from contribution of capital carried forward to the following year	**230.2**	**386.4**

The net profit for the year is CHF 246.5 million. The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table above. If this proposal is adopted, a distribution of CHF 8.00 per share will be made from the capital contribution reserve.

6. Disclosures on implementation of a risk assessment pursuant to the Swiss Code of Obligations

The Company is exposed to various financial and non-financial risks that are inextricably linked to its business activities and therefore has an implemented risk management system in place. In the broadest sense, the risks are defined as the threat that it might not be possible for the Company to achieve its financial, operational or strategic aims as planned. In order to secure the Company's long-term corporate success, it is therefore crucial that risks are identified effectively, analyzed and either eliminated or limited by means of suitable measures. On the basis of a periodic systematic risk identification process, the key risks to which the Company is exposed are assessed in terms of their likelihood and impact. Appropriate measures, decided by the Board of Directors, are taken to avoid, diminish or shift these risks. Risks borne by the Company itself are strictly monitored. The most recent risk assessment by the Board of Directors was performed in December 2014. On the basis of this risk assessment, no further special provisions or value adjustments need be reported in these annual financial statements.

Report of the statutory auditor on the financial statements

To the General Meeting of SIX Group Ltd, Zurich
Zurich, 8 April 2015

As statutory auditor, we have audited the financial statements of SIX Group Ltd, which comprise the income statement, balance sheet and notes (pages 88 to 93), for the year ended 31 December 2014.

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 2014 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 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 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.

Ernst & Young Ltd

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

SIX Group Ltd
Selnaustrasse 30
8021 Zurich

www.six-group.com