



Financial Report 2011



Unlocking the potential.

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SIX Consolidated Financial Statements 2011

Introductory remarks

The consolidated financial statements reflect the financial performance as well as the financial position as at year ended 31 December 2011.

SIX continued to expand internationally in 2011 but due to the strong Swiss franc this growth was not reflected in the operating income. This saw the international contribution decrease to CHF 321.1 million (2010: CHF 364.8 million) or approximately 25.5% of operating income (2010: 30.0%). Operating income in 2011 was 3.0% higher at CHF 1,257.7 million, while Group net income rose by 25.9%, or CHF 45.0 million, to CHF 218.6 million thanks to special effects.

It was possible to reduce operating expenses by CHF 30.8 million to CHF 843.8 million (a year-on-year decrease of 3.5%). Due to the reduction in the conversion rate of the pension fund, provisions for future pension obligations of CHF 27.7 million were released. Personnel expenses reduced to CHF 548.8 million as a result. After adjustments of the special effects, the operating result is actually 4.7% below that of the previous year.

Investments in updating the financial infrastructure were also made by SIX in 2011, with investment volumes for infrastructure amounting to CHF 99.3 million.

Group net income came to CHF 218.6 million, a year-on-year increase of 25.9% or CHF 45.0 million. The Board of Directors proposes to the General Meeting the payment of a dividend of CHF 5.00 (CHF 4.35 in the previous year) per share.

Group balance sheet

in CHF 1,000	Note	31.12.2011	31.12.2010
Assets			
Liquid funds	1	1,825,404	530,844
Due from banks	1	362,056	364,936
Securities and precious metals trading portfolio	2	514,796	399,727
Non-consolidated participations	2, 4	551,850	504,132
Fixed assets	4	417,560	428,263
Intangible assets	4	32,894	50,442
Accrued income and prepaid expenses		43,819	37,094
Other assets	5	2,018,744	2,832,054
Total assets		5,767,123	5,147,492
Total subordinated amounts receivable		138	176
Total due from non-consolidated participations and qualified shareholders		150,233	161,527
Liabilities and equity			
Due to banks		473	17,148
Other due to clients		–	700
Accrued expenses and deferred income		170,860	193,361
Other liabilities	5	3,570,562	2,995,293
Value adjustments and provisions	9	115,006	137,521
Total liabilities		3,856,902	3,344,021
Share capital	10	19,522	19,522
Capital reserves		770,503	767,859
Treasury shares		–23,348	–23,348
Hedging reserves		–32,980	–
Retained earnings		1,019,054	933,079
Foreign exchange translation differences		–103,085	–107,230
Group net income majority shareholders		218,918	169,910
Equity majority shareholders		1,868,585	1,759,792
Minority interest in equity		41,985	40,002
Minority interest in profit		–349	3,677
Equity minority shareholders		41,636	43,679
Total equity		1,910,220	1,803,471
Total liabilities and equity		5,767,123	5,147,492
Total due to non-consolidated participations and qualified shareholders		48,909	47,865
Off-balance sheet transactions			
Contingent liabilities	13	146,643	140,592
Irrevocable facilities granted	13	36	8
Derivative financial instruments			
Positive replacement values	14	44,171	34,941
Negative replacement values	14	43,255	34,326
Notional amount	14	7,075,279	4,712,117
Fiduciary transactions	15	784	722

Group income statement

in CHF 1,000	Note	2011	2010
Interest income		9,967	7,307
Interest expenses		-798	-2,960
Net interest income		9,169	4,346
Commission income	16	1,019,290	1,027,260
Commission expenses	16	-343,419	-345,065
Income from other services business	16	439,489	466,703
Expenses for other services business	16	-47,517	-46,746
Net commission and other services business income		1,067,844	1,102,153
Net trading income	17	6,513	6,055
Income from non-consolidated participations		42,830	-17,959
Other ordinary income	18	132,480	130,641
Other ordinary expenses		-1,182	-4,743
Net other income		174,129	107,938
Operating income		1,257,655	1,220,492
Personnel expenses	19	-548,775	-579,570
Other operating expenses	20	-295,055	-295,101
Operating expenses		-843,830	-874,671
Gross income		413,825	345,821
Depreciation and write-offs	4	-124,320	-128,157
Valuation adjustments, provisions and losses		-8,382	-749
Operating profit (sub-total)		281,123	216,914
Extraordinary income	22	199	226
Extraordinary expenses	22	-888	-670
Taxes	23	-61,865	-42,883
Group net income		218,569	173,588
Minority interest in profit		349	-3,677
Group net income majority shareholders		218,918	169,910

Group equity statement

Group equity statement

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Hedging reserves	Retained earnings	Translation differences	Total	Minority interest	Total
1 January 2011	19,522	767,859	-23,348	-	1,102,989	-107,230	1,759,792	43,679	1,803,471
Capital increases (+)/reductions (-)	-	-	-	-	-	-	-	499	499
Other comprehensive income	-	-	-	-32,980	-	-	-32,980	-	-32,980
Dividend payments	-	2,644	-	-	-84,920	-	-82,276	-1,320	-83,596
Translation differences	-	-	-	-	-	4,145	4,145	-895	3,250
Net actuarial gains & losses	-	-	-	-	986	-	986	22	1,008
Group net income					218,918		218,918	-349	218,569
31 December 2011	19,522	770,503	-23,348	-32,980	1,237,973	-103,085	1,868,585	41,636	1,910,220
1 January 2010	19,522	765,214	-23,348	-	1,066,539	-70,982	1,756,945	47,590	1,804,535
Capital increases (+)/reductions (-)	-	-	-	-	-	-	-	749	749
Dividend payments	-	2,644	-	-	-84,920	-	-82,276	-1,344	-83,620
Translation differences	-	-	-	-	-	-36,247	-36,247	-6,968	-43,216
Net actuarial gains and losses	-	-	-	-	-48,540	-	-48,540	-25	-48,565
Group net income					169,910		169,910	3,677	173,588
31 December 2010	19,522	767,859	-23,348	-	1,102,989	-107,230	1,759,792	43,679	1,803,471

Treasury shares

	31.12.2011		31.12.2010	
	Number	Book value (in CHF 1,000)	Number	Book value (in CHF 1,000)
Total treasury shares	607,864	23,348	607,864	23,348

Group cash flow statement

in CHF 1,000	2011	2010
Group net income	218,569	173,588
Depreciation and write-offs	124,320	128,157
Increase/(decrease) of valuation adjustments and provisions, excl. deferred tax	-26,701	-34,222
Increase of deferred tax provision and (increase) of deferred tax asset	5,508	-23,095
(Income from the valuation of non-consolidated participations)	-30,438	38,713
(Increase)/decrease of accrued income and prepaid expenses	-6,724	972
Increase/(decrease) of accrued expenses and deferred income	-22,500	-67,389
Total internal financing	262,034	216,724
(Increase)/decrease of securities and precious metals trading portfolio	-115,069	473
(Increase)/decrease of other assets, excl. deferred tax asset and value adjustments	811,858	425,671
Increase/(decrease) of other liabilities	543,304	-730,072
Cash flow from operating activities	1,502,127	-87,204
(Purchases)/sales of fixed assets	-96,438	-119,322
(Purchases)/sales of other intangible assets	-1,313	-6,762
Dividend payments to minority interests	-1,320	-1,344
(Acquisitions)/disposals of non-consolidated participations	-15,063	-
Cash flow from investing activities	-114,134	-127,428
Increase/(decrease) of share capital by minorities	499	749
Dividend payments to third parties	-82,276	-82,276
(Increase)/decrease of due from banks over 90 days	166	-1,490
Increase/(decrease) of due to banks over 90 days	-8,121	-10,619
Increase/(decrease) of due to others	-700	-2,780
Cash flow from financing activities	-90,431	-96,417
Effects of foreign exchange translation differences on liquidity	2,838	-1,954
Increase/(decrease) of liquidity fund	1,300,400	-313,003
Increase/(decrease) of liquid funds	1,294,560	-311,864
Increase/(decrease) of due from banks up to 90 days	-2,713	4,874
(Increase)/decrease of due to banks up to 90 days	8,553	-6,014

Notes to the consolidated financial statements

Business activities and personnel

As of 1 January 2008, the former SWX Group, the former SIS Group and the former Telekurs Group merged to form SIX Group AG, domiciled in Zurich. SIX is owned by approximately 150 domestic and foreign banks that are also its customers. A shareholder pooling agreement, which prohibits the transfer of shares within the first five years, will bring stability to this ownership structure, which also corresponds to the present user structure.

Business activities

SIX covers the entire value chain of the financial market infrastructure, whose core element is the Swiss Value Chain. The service offering is divided into four business areas:

- The business area Swiss Exchange comprises the cash and derivatives market, distribution of information products, index calculations and the development and operation of electronic trading platforms. Issuers are offered listing on a globally recognized stock exchange via SIX Exchange Regulation.
- The business area Securities Services offers Swiss and international financial centers a largely automated infrastructure for the clearing and settlement of securities transactions. Interbank securities custody and administration services as well as services geared at public limited companies are also included in the offering.
- The business area Financial Information provides the full range of reference data on over five million financial instruments along with real-time market data with regard to all important trading centers.
- The business area Payment Services offers services and solutions for cashless payment processes: This includes payment execution between banks in Swiss francs and Euros, operation of Paynet for the settlement of electronic invoices, card processing for issuers and acceptance of credit, debit and prepaid cards.

At present, SIX does not outsource any significant part of its business.

Number of personnel

As at the end of the year, SIX employed 3,867 full-time equivalents (previous year: 3,781).

Risk management

Risk management at SIX follows clear governance rules which are defined by the SIX Risk policy.

Risk policy – clear responsibilities, separate authorities and transparency

The guiding principles and philosophy that govern the way SIX handles risks are defined in the SIX Risk Policy. The policy defines the related organization, structures, authorities and responsibilities in detail, and lays down the principles that apply to different types of risk.

In the way in which SIX is organized, a clear distinction is made between responsibility for risk, risk management and risk monitoring. The Board of Directors is responsible for defining the Group's risk tolerance and monitoring the overall risk situation. The overall supervision of risk management and monitoring is delegated to the Board of Directors' Risk Committee. The Board of Directors itself approves the Risk Policy and delegates risk management tasks.

Risk management falls within the responsibilities of the members of the Group Executive Board (GExB). At Group level, the divisions are supported by a number of specialist functions: Corporate Development in the case of strategic risks, the Corporate Security Officer for security risks, the Compliance Officer, and the Finance & Services division itself. Risk monitoring within SIX is undertaken independent of line management responsibilities. It is conducted by the Chief Risk Officer, who is also responsible for the risk monitoring methodology. Periodic reports on the Group's risk situation for all types of risk are submitted to both the GExB and the Board of Directors' Risk Committee.

Types of risk and methodology

The overall risks to which SIX is exposed are broken down according to the management needs of the Group. In addition to strategic, business, operational, financial market and reputational risks, the Group keeps separate track of compliance and project risks, as well as the risks attached to financial reporting. Risk man-

agement and risk monitoring of credit, market price and liquidity risks are recorded under financial market risks.

Within the divisions, risks are handled and tracked effectively as part of operations. In the Group's reporting of risk, individual risks are dealt with, in consideration of the company's risk tolerance, in accordance with the potential financial loss or their potential impact on the market and on the Group's reputation. The risk factors are documented in risk profiles and are reported to the Group Executive Board and the Board of Directors' Risk Committee.

The Board of Directors is responsible for determining the Group's risk tolerance. On the operational side risk tolerance is defined on the basis of required service level availability in terms of level of security and confidentiality as well as spare capacities held. The SIX x-clear AG and SIX SIS AG companies, which are part of SIX Securities Services AG (sub-holding company), are licensed Swiss banks. The separate Annual Report published by SIX Securities Services AG addresses capital adequacy requirements under Basel II and reports on its specific risk management activities.

Strategic risks

Given their long-term impacts, strategic risks are of key importance. SIX continuously assesses such risks. Corporate Development draws up strategic options and reviews the strategy together with the individual companies in the light of SIX's willingness to take risk. The strategy is revised annually and approved by the Board of Directors.

Compliance risks

Compliance with the relevant rules and regulations is part of everyday working life at SIX. The applicable principles are laid down in internal directives. Compliance at SIX has been set up in accordance with Swiss Financial Market Supervisory Authority (FINMA) Circular 2008/24. Legal & Compliance (L&C) centrally monitors adherence to the relevant rules and regulations. L&C is entitled to unrestricted access to all information and documents. Litigation cases and related risks are also dealt with by L&C. Internal systems and processes in individual areas of the business and operational units also undergo reviews by L&C. Staff awareness of problems is raised and they attend both basic and further training on a regular basis.

Operational risks

Particular attention is paid to operational risks. The stability and integrity of systems and processes is managed through a comprehensive program of risk prevention and risk monitoring, which is checked periodically

by area and divisional management. Results are passed to the Chief Risk Officer, who reports the risks at an aggregated Group level to the Risk Committee of the Group Executive Board. Risk management issues are subject to discussion and decision at Group Executive Board level. In emergencies or crises, operations are secured by our own business continuity management organization which is coordinated closely with business continuity planning in the Swiss financial sector as a whole.

Project risks

Projects are monitored continuously by a project management organization. Project risks that are large in scale, cross-divisional or relevant to the Group's strategy are monitored directly by the Group Executive Board.

Risks attached to financial reporting

Financial reporting risks and the corresponding risk-mitigation action are discussed at the regular Board of Directors' Risk Committee meetings. Risks and internal controls regarding the consolidated financial reporting are regularly assessed by management and Board of Directors.

SIX Securities Services AG (SIX Securities Services, which is a sub-group of SIX) fulfils the requirements for the partial disclosure of the eligible and required equity of FINMA Circular 2008/22. The required notes are disclosed in the consolidated financial statements of SIX Securities Services available on the Internet or at SIX Securities Services.

Financial market risks

Financial market risks exist for SIX with regard to liquidity, counterparties and market prices. SIX does not actively take interest rate and currency risks. Such risks nonetheless arise on a modest scale from business operations and are managed conservatively. Those risks are also encountered in investments. They are monitored closely and management actions are taken in close coordination with the board of directors.

The SIX operating model requires a high level of liquidity. Liquidity risks are systematically avoided by the active management of liquid funds, a forward-looking investment policy, daily monitoring of markets and customers, 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, members and participants are selected according to strict quality criteria. Market price risks relating to clearing activities are managed by 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. Meanwhile, SIX supervises trading activities on a real-time basis.

Reputational risks

As the company's good reputation is vital, potential damage to it is countered by the entire SIX organization by measures to ensure professionalism, integrity and reliability as well as compliance in all business activities.

The management of reputational risks includes all operational and strategic instruments at all levels of management of SIX, with a particular focus on financial reporting and the monitoring of key performance indicators. Although reputational risks are not measured quantitatively, the communications department closely monitors coverage of SIX in the press and media.

Accounting policies and valuation principles

General policy

The consolidated financial statements of SIX are prepared in accordance with the directives of the Swiss Financial Market Supervisory Authority (FINMA), in particular the Provisions Governing Financial Statement Reporting for Swiss Banks, Stock Exchanges and other Financial Institutions (Bank Accounting Guidelines, BAG-FINMA), and the Swiss law. The consolidated financial statements present a true and fair view of the financial position and results of SIX.

As a sub-group, SIX Securities Services represents the main part of the banking and balance sheet business of SIX, the maturity structure of current assets and third-party liabilities, the analysis of domestic and foreign assets and liabilities, the analysis of assets by country or groups of countries and the analysis of balance sheet by currency are based on the consolidated financial statements of SIX Securities Services, which have been set up on separate accounting policies and valuation principles. Other companies of SIX are not included in the mentioned tables (note 12).

Scope and principles of consolidation

The consolidated financial statements include all companies that are directly or indirectly controlled by SIX Group AG (generally more than 50% of voting interest or where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from their activities).

All assets and liabilities as well as income and expenses of the directly or indirectly controlled companies are fully consolidated. The annual closing date of the individual financial statements is 31 December. Intercompany income and expenses, including unrealized profits from internal transactions and intercompany receivables and payables, are eliminated.

Business combinations in transactions where SIX Group AG takes control of another entity are consolidated using the purchase method of accounting.

Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or until the date of disposal. Any minority interest in equity or profit is separated within the consolidated financial statement.

Investments in associated companies (generally investments in companies in which SIX Group AG holds between 20% and 50% of voting shares or over which it otherwise has significant influence) and joint ventures are non-consolidated participations and accounted for using the equity method.

All significant participation interests and the changes during the reporting period are listed in note 3 of the consolidated financial statements.

Recognition and measurement

Assets and liabilities are generally recognized and measured under the historical cost convention, except for assets and liabilities for which other accounting policies are specified in accordance with BAG-FINMA.

Transactions which are already committed but will be settled on a future date at a specified price are recognized as an asset or a liability on the commitment date using settlement date accounting.

Foreign currency conversion

Transactions in foreign currencies are converted at the exchange rate at the time of the transaction. Foreign currency positions are converted at the daily exchange rate of the balance sheet date.

Balance sheets of foreign companies are converted at the exchange rate of the balance sheet date, income statements of foreign companies at the annual average exchange rate. Foreign exchange translation differences are generally included in trading income.

Foreign exchange translation differences from the recognition of revaluations of investments in associates based on the equity method are recognized directly in equity.

For the purpose of consolidation, the financial statements of units operating in a foreign currency are translated using the reporting date method.

The main exchange rates ruling at the balance sheet date in CHF are as follows:

Currency	31.12.2011	31.12.2010
EUR	1.2175	1.2494
GBP	1.4497	1.4468
USD	0.9405	0.9349
SEK	13.6211	13.8985

The main average annual exchange rates in CHF are as follows:

Currency	2011	2010
EUR	1.2345	1.3828
GBP	1.4233	1.6108
USD	0.8883	1.0431
SEK	13.6799	14.4703

Specific accounting policies and valuation

All assets, liabilities and off-balance sheet transactions are valued individually (individual valuation). If the value of an asset or an off-balance sheet transaction is impaired, it will be valued on an individual basis and the impairment will be covered by an individual valuation adjustment.

Liquid funds, due from banks and liabilities

Liquid funds, amounts due from banks and liabilities are measured at their nominal value. Specific provisions for identified individual credit risks are presented in value adjustments and provisions.

Securities and precious metals trading portfolio

Securities and precious metals in the trading portfolio are measured at fair value. The fair value is usually based on the price for the asset on an efficient and liquid market or on a valuation model. The profit or loss from the valuation of the trading portfolio is recognized in trading income.

Advances and repurchase agreements with securities

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

Securities borrowing and lending transactions are treated like repurchase and reverse repurchase transactions, if they are covered with cash collateral and a daily margin settlement. Securities borrowing and lending transactions which are not covered with cash collateral are not recognized in the balance sheet but disclosed as off-balance sheet transactions. Cash collateral received is recognized with a corresponding obligation to return it and cash collateral delivered is derecognized with a corresponding receivable. Securities received in a lending or borrowing transaction are disclosed as off-balance sheet transactions if SIX has the right to resell or repledge them. Securities recognized on the balance sheet are measured at fair value in the trading portfolio.

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 on the balance sheet with a corresponding obligation to return it. Securities received in a reverse repurchase agreement are disclosed as off-balance sheet transactions if SIX has the right to resell or repledge them.

Commissions from advances and repurchase agreements with securities are recognized in fee and commission income.

Non-consolidated participations

Investments in associated companies (generally investments in companies in which SIX Group AG holds between 20% and 50% of voting shares or over which it otherwise has significant influence) and joint ventures are accounted for using the equity method. The profit or loss from the valuation of the associated companies is recognized in income from non-consolidated participations. Other non-consolidated participations are valued at cost.

If the value of a non-consolidated participation is impaired, it will be valued on an individual basis and the impairment will be recognized as depreciation.

All significant participation interests and the changes during the reporting period are listed in note 3 of the consolidated financial statements.

Fixed assets

Fixed assets are carried at cost, less accumulated depreciation and accumulated impairment losses, and are periodically reviewed for impairment. Expenditures less than CHF 10,000 are recognized directly as expenses in the income statement.

Software development costs, including internally developed software, are recognized in fixed assets when they are identifiable, it is probable that future economic benefits will flow to the Group and the cost can be measured reliably.

Subsequent expenditure relating to any fixed asset is added to the carrying amount as far as the value of the assets is increased. All other subsequent expenditure is recognized as an expense in the period in which it incurs.

Fixed assets are depreciated on a straight-line basis over their estimated useful life. The useful life is estimated on the basis of the economic useful life of the asset.

The useful life for the fixed assets is estimated as follows:

Fixed assets	Estimated useful life
Land	Impairment test
Buildings (without land)	8–60 years
IT hardware	3–4 years
Technical installations	3–30 years
Leasehold improvements	Term-based
Software	3–5 years
Office equipment, fixtures and fittings	3–7 years
Other fixed assets	3–5 years

Intangible assets

Intangible assets include goodwill and other intangible assets such as customer lists, patents and licenses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entity at the date of acquisition.

Goodwill is amortized over a maximum of five years as well as tested for impairment on an annual basis and when a reasonable indication of impairment exists. All other intangible assets are carried at cost, less accumulated depreciation and accumulated impairment losses

and are periodically reviewed for impairment. Expenditures less than CHF 10,000 are recognized directly as expenses in the income statement.

Subsequent expenditure relating to another intangible asset is added to the carrying amount as far as the value of the assets is increased. Other subsequent expenditure is recognized as an expense in the period in which it incurs.

Other intangible assets are depreciated on a straight-line basis over their estimated useful life. Useful life is estimated on the basis of economic useful life of the asset.

The useful life for intangible assets is estimated as follows:

Intangible assets	Estimated useful life
Goodwill	max. 5 years
Patents and licenses	5–10 years
Other intangible assets	3–5 years

Other assets and liabilities

Other assets and liabilities include positive and negative replacement values of derivative instruments, inventory, other loans, receivables and liabilities. Positive and negative replacement values of derivative instruments are measured at fair value. The fair value is usually based on the price for the asset on an efficient and liquid market or on a valuation model. The profit or loss from the valuation of derivative instruments is recognized in trading income.

Inventory is generally valued at the lower of cost and net realizable value. The cost method to calculate the value of inventory items which are ordinarily interchangeable is calculated using the first in, first out cost formula (FIFO). The cost method for items not ordinarily interchangeable is actual cost.

Point-of-sale terminals are valued using the standard cost method, measured on a yearly basis and calculated by the average of the costs of purchased terminals and the maintenance costs of returned terminals. Standard cost of rental terminals is revalued based on indicators such as purchase prices and maintenance costs.

Other assets and liabilities are generally measured at nominal value. Specific provisions for identified individual credit risks are presented in value adjustments and provisions.

Employee benefit obligation

SIX sponsors a number of retirement benefit plans and welfare funds for its employees worldwide. To determine the impact on the consolidated financial statements, SIX applies the International Financial Reporting Standards (IFRS), as these standards already apply in many of the reporting units. The application of IFRS regarding the determination of the economic impact of employee benefit obligation to the financial statements has been decided in accordance with para. 29j–8 of the BAG-FINMA.

The retirement benefit plans include both defined benefit and defined contribution plans. Contributions to defined contribution plans are expensed when employees have rendered services in exchange for such contributions, generally in the year of contribution. The Group uses the projected unit credit actuarial method to determine the present value of its defined benefit plans and the related service cost and, where applicable, past service cost. The principal actuarial assumptions used by the actuary are set out in note 8.

Actuarial gains and losses are recognized directly in equity in the period in which they occur without effect to the income statement.

If an excess of the fair value of the plan assets over the present value of the defined benefit obligation cannot be recovered fully through refunds or reductions in future contributions, no gain is recognized solely as a result of deferral of past service cost in the current period.

Value adjustments and provisions

If individual credit risks are identified on any loan or receivable in the assets, the impairment is recognized as a value adjustment. The specific credit risk of any individual loan or receivable is evaluated when a reasonable indication of impairment exists. A loan or receivable is impaired, when the debtor is unlikely to fulfill his obligations. Off-balance sheet transactions are included in this evaluation. The value adjustment is measured based on the difference between the recognized nominal amount of the loan or receivable and the recoverable amount considering any contractual agreed collateral at the liquidation value and any possibilities of the debtor for partial repayments of the loan or receivable. Recoveries of receivables written off in previous periods may be credited directly to the value adjustments. In addition to the identification and measurement of individual credit risk, a global individual valuation adjustment is performed for portfolios that exclusively consist of many smaller receivables (e.g. credit card receivables).

Provisions are recognized when SIX has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Treasury shares

Shares of SIX Group AG held by SIX are classified in equity as treasury shares and accounted for at cost. Results from the sale of treasury shares or dividend payments are recognized in the capital reserves.

Equity

Capital reserves include any premium on shares issued. Retained earnings include the accumulated net income and actuarial gains or losses resulting from defined benefit plans. Foreign exchange translation differences from revaluations of investments in associates are included in translation differences.

Taxes

Income tax payable on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized. The tax effects of income tax losses that can be carried forward are recognized as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Contingent liabilities, irrevocable facilities granted and fiduciary transactions

Contingent liabilities, irrevocable facilities granted and fiduciary transactions are measured at their nominal value. Specific provisions for identified individual credit risks are presented in value adjustments and provisions.

Derivative financial instruments

Derivative financial instruments are primarily traded on the account of the customers of SIX relating to its banking business. Derivative financial instruments on the own account of SIX are used only for the hedging of foreign currency risk.

The positive and negative replacement values of trading instruments are measured at fair value. The fair value is usually based on the price for the asset on an efficient and liquid market or on an evaluation model. The profit or loss from the valuation of trading instruments is recognized in trading income.

Derivative financial instruments for which hedge accounting is applied are measured equal to the hedged financial instrument. The profit or loss from the valua-

tion of derivative financial instruments for which hedge accounting is applied is recognized in the income statement equal to the profit and loss from the revaluation of the hedged financial instrument, except for cash flow hedges.

Changes in accounting policies

In 2011 there have been no material changes in accounting policies.

Events subsequent to the balance sheet date

There has been no material events subsequent to the balance sheet date which would require an adjustment to the consolidated financial statements.

Information on the Group balance sheet

1 Liquid funds and due from banks

Liquid funds

in CHF 1,000	31.12.2011	31.12.2010
Cash	559	714
Deposits with Swiss postal accounts	1,659	1,983
Giro account with Swiss National Bank	1,530,861	6,952
Giro account with a central giro institution	292,325	521,195
Total	1,825,404	530,844

Due from banks

in CHF 1,000	31.12.2011	31.12.2010
Due from banks up to 90 days	354,039	356,752
Due from banks over 90 days	8,017	8,183
Total	362,056	364,936

2 Breakdown of securities and precious metals trading portfolio and non-consolidated participations

Securities and precious metals trading portfolio

in CHF 1,000	31.12.2011	31.12.2010
Debt instruments – quoted	395,249	302,007
Equity stock	119,546	97,720
Total	514,796	399,727

Non-consolidated participations

in CHF 1,000	31.12.2011	31.12.2010
With quoted value	–	–
Without quoted value	551,850	504,132
Total	551,850	504,132

3 Information about significant participations

Fully consolidated participations

Company	Domicile	Business area	Currency	Share capital in 1,000	Equity interest in %	
					31.12.2011	31.12.2010
SIX Group AG	Zurich	Holding company	CHF	19,521.9	100.0	100.0
SIX Group Services AG	Zurich	IT services	CHF	52,500.0	100.0	100.0
SIX Management AG	Zurich	Management services	CHF	100.0	100.0	100.0
Telekurs Holding AG	Zurich	Holding company	CHF	45,000.0	100.0	100.0
Swiss Exchange						
Eurex Global Derivatives AG ¹	Zurich	Stock exchange	CHF	100.0	100.0	–
Indexium AG	Zurich	Distribution of index families	CHF	100.0	50.1	50.1
SIX Exfeed AG	Zurich	Distribution of financial information	CHF	1,100.0	100.0	100.0
SIX Swiss Exchange AG	Zurich	Stock exchange and stock exchange services	CHF	10,000.0	100.0	100.0
SIX Swiss Exchange Effektenmatcher AG	Zurich	Stock exchange services	CHF	100.0	100.0	100.0
SWX Europe Holdings Ltd	London	Holding company	GBP	2,792.9	100.0	100.0
SWX Europe Ltd	London	Stock exchange	GBP	0.1	100.0	100.0
Securities Services						
Projektgesellschaft Softwareentwicklung Oktober 2011 AG ¹	Frankfurt am Main	inactive	EUR	50.0	100.0	–
SIX SAG AG	Olten	Share register	CHF	100.0	100.0	100.0
SIX Securities Services AG ²	Zurich	Holding company	CHF	26,000.0	100.0	100.0
SIX SIS AG	Olten	Settlement and custody	CHF	26,000.0	100.0	100.0
SIX SIS International AG	Zurich	inactive	CHF	100.0	100.0	100.0
SIX SIS Nominee U.K. AG	Olten	Nominee	CHF	100.0	100.0	100.0
SIX Systems AG	Olten	Service provider	CHF	2,500.0	100.0	100.0
SIX Terravis AG ⁴	Zurich	Real estate information portal	CHF	4,100.0	100.0	100.0
SIX x-clear AG	Zurich	Clearing	CHF	30,000.0	100.0	100.0

¹ Change of group structure

– Eurex Global Derivatives AG has been founded in December 2011

– Projektgesellschaft Softwareentwicklung Oktober 2011 AG has been acquired in October 2011

² Change of name

– SIX Securities Services AG former SIX Securities Group AG

⁴ Change in share capital

– SIX Terravis AG realised a share capital increase of TCHF 4,000 in January 2011

Fully consolidated participations (continued)

Company	Domicile	Business area	Currency	Share capital in 1,000	Equity interest in %	
					31.12.2011	31.12.2010
Financial Information						
Europerformance	Nanterre Cedex	Financial information services	EUR	45.0	94.4	94.4
Finaccess SIX Telekurs	Casablanca	Financial information services	MAD	8,547.5	55.0	55.0
Rolotec AG	Biel	Development and engineering of software	CHF	200.0	75.0	75.0
SIX Telekurs AG	Zurich	Financial information services	CHF	5,000.0	100.0	100.0
SIX Telekurs Belgium SA	Brussels	Financial information services	EUR	505.1	100.0	100.0
SIX Telekurs Denmark A/S	Copenhagen	Financial information services	DKK	1,600.0	100.0	100.0
SIX Telekurs Deutschland GmbH	Frankfurt am Main	Financial information services	EUR	511.3	100.0	100.0
SIX Telekurs España SA	Madrid	Financial information services	EUR	423.8	100.0	100.0
SIX Telekurs Finland Oy	Helsinki	Financial information services	EUR	8.0	100.0	100.0
SIX Telekurs France	Paris	Financial information services	EUR	961.8	100.0	100.0
SIX Telekurs Hong Kong Limited	Hong Kong	inactive	HKD	4,000.0	100.0	100.0
SIX Telekurs Italia s.r.l.	Milan	Financial information services	EUR	100.0	100.0	100.0
SIX Telekurs Japan Ltd	Tokyo	Financial information services	JPY	40,000.0	100.0	100.0
SIX Telekurs Luxembourg SA	Bertrange	Financial information services	EUR	31.3	100.0	100.0
SIX Telekurs Monaco S.A.M	Monaco	Financial information services	EUR	150.0	100.0	100.0
SIX Telekurs Nederland B.V.	Amsterdam	Financial information services	EUR	249.6	100.0	100.0
SIX Telekurs Norway AS	Oslo	Financial information services	NOK	500.0	100.0	100.0
SIX Telekurs Singapore Pte. Ltd.	Singapore	Financial information services	SGD	25.0	100.0	100.0
SIX Telekurs Sweden AB	Stockholm	Financial information services	SEK	100.0	100.0	100.0
SIX Telekurs U.K. Ltd	London	Financial information services	GBP	500.0	100.0	100.0
SIX Telekurs USA Inc.	Stamford USA	Financial information services	USD	0.0	100.0	100.0
STK Nordic AB	Stockholm	Financial information services	SEK	100.0	100.0	100.0
Telekurs (France) SAS	Paris	Financial information services	EUR	32,400.0	100.0	100.0

Fully consolidated participations (continued)

Company	Domicile	Business area	Currency	Share capital in 1,000	Equity interest in %	
					31.12.2011	31.12.2010
Payment Services						
C6 Ré	Luxembourg	Reinsurance	EUR	3,200.0	100.0	100.0
CETREL SA	Luxembourg	Integrated payment solutions	EUR	4,713.0	50.0	50.0
CETREL Securities SA	Luxembourg	Financial information services	EUR	1,500.0	100.0	100.0
FS-B S.à.r.l.	Luxembourg	Real estate	EUR	13,790.0	100.0	100.0
FS-T S.à.r.l.	Luxembourg	Real estate	EUR	3,500.0	100.0	100.0
PayNet International AG	Zurich	E-billing services	CHF	4,000.0	100.0	100.0
SIX Austria Holding GmbH	Wien	Holding company	EUR	35.0	100.0	100.0
SIX Card Solutions AG	Zurich	Integrated payment solutions	CHF	100.0	100.0	100.0
SIX Card Solutions Austria GmbH	Wien	Integrated payment solutions	EUR	35.0	100.0	100.0
SIX Card Solutions Deutschland GmbH	Hamburg	Integrated payment solutions	EUR	25.0	100.0	100.0
SIX Card Solutions Luxembourg SA	Leudelange	Integrated payment solutions	EUR	255.0	100.0	100.0
SIX Card Solutions Payment GmbH	Hamburg	Integrated payment solutions	EUR	102.3	100.0	100.0
SIX Card Solutions Sweden AB	Johanneshov	Integrated payment solutions	SEK	500.0	100.0	100.0
SIX Card Solutions UK Ltd	Twickenham	Integrated payment solutions	GBP	0.0	100.0	100.0
SIX Card Solutions USA Corp	Delaware	Integrated payment solutions	USD	0.0	100.0	100.0
SIX Interbank Clearing AG	Zurich	Interbank payment services	CHF	1,000.0	75.0	75.0
SIX Multi Solutions AG	Zurich	Voucher and payment services	CHF	100.0	100.0	100.0
SIX Multipay AG	Zurich	Merchant acquiring services	CHF	6,500.0	100.0	100.0
SIX Pay SA ⁴	Luxembourg	Merchant acquiring services	EUR	1,200.0	100.0	100.0
SIX Paynet AG	Zurich	E-billing services	CHF	1,000.0	100.0	100.0
Swisskey AG	Zurich	inactive	CHF	100.0	100.0	100.0
Telekurs Card Services SA	Zurich	inactive	CHF	100.0	100.0	100.0

⁴ Change in share capital

– SIX Pay SA realised a share capital increase of TEUR 160 in December 2011

Associated companies

Company	Domicile	Business area	Currency	Share capital in 1,000	Equity interest in %	
					31.12.2011	31.12.2010
Swiss Exchange						
Eurex Zürich AG ³	Zurich	Stock exchange	CHF	10,000.0	15.0	15.0
Scoach Holding SA	Luxembourg	Stock exchange and stock exchange services	EUR	100.0	49.9	49.9
STOXX AG	Zurich	Distribution of index families	CHF	1,000.0	49.9	49.9
Swiss Fund Data AG	Zurich	Bond information platforms	CHF	850.0	29.4	29.4
Securities Services						
AccuMatch AG	Zurich	inactive	CHF	300.0	70.0	70.0
Link-Up Capital Markets S.L. ⁴	Madrid	Harmonisation of post-trade securities processing	EUR	60.5	23.5	11.8
Payment Services						
SECB Swiss Euro Clearing Bank GmbH	Frankfurt am Main	Clearing House	EUR	9,200.0	25.0	25.0

³ Voting share

– Eurex Zürich AG has a voting share of 50%

⁴ Change in share capital

– Link-Up Capital Markets S.L. realised a share capital increase of TEUR 55.6 in May 2011

4 Changes in non-consolidated participations, fixed and intangible assets

in CHF 1,000	Reporting year							
	Accumulated cost value at previous year end	Accumulated depreciation and value adjustment at previous year end	Net book value at previous year end	Additions	Disposals, translation differences	Depreciation and write-offs	Equity valuation	Net book value at year end
Non-consolidated participations								
accounted for by equity method	648,263	-145,834	502,429	15,063	2,217	-	30,438	550,146
accounted for at cost	1,704	-	1,704	-	-	-	-	1,704
Total non-consolidated participations	649,967	-145,834	504,132	15,063	2,217	-	30,438	551,850
Land and buildings								
for business activities	615,003	-400,987	214,017	13,524	-603	-14,631	-	212,307
Software	596,324	-444,197	152,127	50,800	-402	-56,102	-	146,423
Financial leasing assets	5,547	-5,001	545	-	17	-562	-	-
Other fixed assets	263,360	-201,786	61,574	33,701	-1,859	-34,586	-	58,829
Total fixed assets	1,480,234	-1,051,971	428,263	98,025	-2,848	-105,880	-	417,560
Goodwill	298,881	-278,073	20,808	-	14	-6,773	-	14,050
Other intangible assets	55,378	-25,745	29,634	1,313	-435	-11,667	-	18,844
Total intangible assets	354,259	-303,817	50,442	1,313	-421	-18,440	-	32,894

On 7 June 2011, Deutsche Börse AG, SIX Swiss Exchange AG and SIX Group AG, as direct and indirect shareholders of Eurex Zürich AG, agreed on the sale of the Swiss derivative business, including the Eurex Zürich AG shares, from SIX Group AG to Deutsche Börse AG. The execution of the transaction is to occur in the 1st halfyear of 2012. In terms of transaction, Deutsche Börse AG will own 100% of the shares in Eurex Zürich AG.

in CHF 1,000	31.12.2011	31.12.2010
Fire insurance value of buildings	382,510	398,296
Fire insurance value of other fixed assets	393,612	384,077
Commitments: future leasing instalments arising from operational leases	17,897	31,272

5 Other assets and liabilities

in CHF 1,000	31.12.2011	31.12.2010
Receivables clearing and settlement (banks)	1,542,739	2,391,928
Receivables clearing and settlement (others)	145,448	110,222
Trade receivables	231,247	240,651
Positive replacement values	6,683	9,069
Inventory	7,813	4,901
Deferred tax assets	29,533	32,590
Indirect tax assets	19,836	10,533
Other assets up to 1 year	13,385	16,427
Other assets over 1 year	22,058	15,734
Total other assets	2,018,744	2,832,054
Liabilities clearing and settlement (banks)	2,894,594	2,474,756
Liabilities clearing and settlement (others)	497,991	370,438
Trade liabilities	62,596	57,965
Negative replacement values	38,746	8,453
Indirect tax liabilities	32,327	29,526
Other liabilities up to 1 year	37,016	46,837
Other liabilities over 1 year	7,293	7,317
Total other liabilities	3,570,562	2,995,293

6 Pledged or assigned assets to secure own commitments and assets subject to reservation of title

in CHF 1,000	Book value of assets		Effective commitment	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Assets which are pledged	34,517	14,023	–	–
Assets which are subject to reservation of title	–	–	–	–

7 Advances and repurchase agreements with securities

in CHF 1,000	31.12.2011	31.12.2010
Book value of receivables from cash deposits in securities borrowing and reverse-repurchase agreements	282,106	1,540,970
Fair value of collateral in connection with securities lending or securities borrowed in connection with securities borrowing or received securities in connection with reverse-repurchase agreements, for which the right to sell or repledge is unlimited	329,512	1,617,459
Fair value of resold or repledged securities in this context	47,404	76,489

8 Retirement benefit plans and welfare funds

Actuarial assumptions – Switzerland

Switzerland	2011	2010
Discount factor	2.25%	2.50%
Interest rate for projected pension	2.25%	2.50%
Long-term return	3.20%	4.00%
Salary trend	1.00%	2.00%
Pension trend	0.00%	0.25%
Retirement age		
– Men	63/65	63/65
– Women	63/65	63/65

Probability of staff drawing at age:	2011 (LLP 2010)		2010 (LLP 2005)	
	Men	Women	Men	Women
20	24.2%	22.5%	22.5%	20.8%
25	17.2%	17.2%	18.4%	18.0%
30	12.7%	13.9%	12.7%	15.5%
35	9.3%	10.9%	9.3%	12.3%
40	6.8%	8.6%	6.9%	9.8%
45	5.2%	7.3%	5.6%	7.7%
50	4.0%	6.0%	4.1%	6.3%
55	2.6%	4.2%	3.0%	4.5%
60	1.3%	1.6%	1.6%	1.6%
65/64	0.0%	0.0%	0.0%	0.0%

Actuarial assumptions – France

France	2011	2010
Discount factor	4.50%	4.75%
Social charges	42.2–47.5%	42.2–47.5%
Salary trend	3.0–4.0%	3.0–4.0%
Inflation rate	2.00%	2.00%
Retirement age		
– Executives	62/64	62/64
– Non-Executives	60/62	60/62
Probability of staff drawing at age:	2011	2010
Less than 29 years	22.0%	22.0%
30–34 years	13.0%	13.0%
35–39 years	7.0%	7.0%
40–44 years	3.0%	3.0%
45–49 years	1.0%	1.0%
50 years and above	0.0%	0.0%

Actuarial assumptions – Austria

Austria	2011		2010	
Discount factor	4.25%		4.25%	
Salary trend	3.70%		3.70%	
	2011	2010	2011	2010
Term of service	Probability of fluctuation		Probability of payment	
0	9.4%	9.4%	0.0%	0.0%
1	7.8%	7.8%	0.0%	0.0%
2	5.0%	5.0%	15.0%	15.0%
3–4	6.2%	6.2%	50.0%	50.0%
5–9	5.0%	5.0%	70.0%	70.0%
10–14	5.0%	5.0%	80.0%	80.0%
15–20	3.6%	3.6%	100.0%	100.0%
from 21	0.0%	0.0%	0.0%	0.0%

Actuarial assumptions – Luxembourg

Luxembourg	2011	2010
Discount factor	4.50%	4.50%
Expected return on assets	4.00%	4.00%
Salary trend	3.25%	3.25%
Increase of contribution ceiling	3.00%	3.00%
Increase of salary index	2.50%	2.50%
Retirement age		
– Men	65	65
– Women	65	65

Amount recognized in the balance sheet

in CHF 1,000	31.12.2011	31.12.2010
Present value of unfunded obligations	-6,133	-6,246
Present value of funded obligations	-1,040,037	-1,048,276
Total present value of obligations	-1,046,169	-1,054,522
Present value of net assets	1,038,625	1,019,179
Surplus/(deficit)	-7,544	-35,343
Past service cost not recognized in the balance sheet	-8,656	-9,875
Amount recognized in the balance sheet	-16,200	-45,218
thereof activated benefits from pension funds	-	-
thereof provisions for pension funds	-16,205	-45,218

Breakdown of pension costs

in CHF 1,000	2011	2010
Current expenditure related to service years	55,175	45,877
Interest on present value of obligations	27,235	30,670
Expected net return on investments	-41,612	-38,609
Past service cost	-30,289	-1,523
Pension costs included in personnel expenses	10,509	36,415

Actuarial gains and losses recognized in equity

in CHF 1,000	2011	2010
Cumulative amount at 1 January	130,052	68,085
Recognized during the period	-1,083	61,967
Cumulative amount at 31 December	128,970	130,052

Actual revenue from pension plan assets

in CHF 1,000	2011	2010
Expected net return on investments	41,613	38,609
Actuarial gains or (losses)	-64,343	-6,232
Actual revenue	-22,730	32,377

Changes in the present value of obligation

in CHF 1,000	2011	2010
Present value of obligation at 1 January	-1,054,522	-915,505
Interest on present value of obligations	-27,235	-30,670
Current expenditure related to service years	-55,175	-45,877
Employee contributions	-27,149	-25,495
Past service cost	29,071	306
Benefits paid	22,958	17,137
Actuarial gains or (losses)	65,555	-55,735
Effect of movement in exchange rates	329	1,317
Present value of obligation at 31 December	-1,046,169	-1,054,522

Changes in the present value of net assets

in CHF 1,000	2011	2010
Present value of net assets at 1 January	1,019,179	943,995
Expected net return on investments	41,612	38,609
Employer contributions	37,446	34,560
Employee contributions	27,663	25,685
Benefits paid	-22,917	-17,347
Actuarial gains or (losses)	-64,343	-6,232
Effect of movement in exchange rates	-147	-89
Present value of net assets at 31 December	1,038,493	1,019,179

Movements in amounts shown in balance sheet

in CHF 1,000	2011	2010
Pension asset/(liability) at 1 January	-45,218	17,398
Pension costs for the period	-10,469	-36,401
Employer contributions	37,960	34,379
Expense recognized in equity	1,212	-61,966
Effect of movement in exchange rates	316	1,372
Pension asset/(liability) at 31 December	-16,200	-45,218
thereof activated benefits from pension funds	-	-
thereof provisions for pension funds	-16,200	-45,218

Attributable time value of pension plan assets per class

in CHF 1,000	2011	2010
Third-party shares	216,665	245,397
Third-party bonds	573,300	445,332
Properties not used by the Group	123,037	108,487
Other	125,624	219,963
Total pension plan assets	1,038,625	1,019,179

Experience adjustments

in CHF 1,000	2011	2010
Pension plan debts 31 December with assumption 1 January	1,086,959	-972,359
Experience adjustments on defined benefit obligation (gain)/loss	-17,672	-19,382
Estimated pension plan assets 31 December with assumption 1 January	1,102,202	1,024,853
Experience adjustments on plan assets gain/(loss)	-64,344	-6,232

Best estimate of contributions of next year

in CHF 1,000	2011	2010
Employer contributions	36,344	34,605
Beneficiary contributions	27,036	25,483

9 Value adjustments and provisions

in CHF 1,000	Balance at end of previous year	Usage conforming with purpose	Recoveries, overdue interest, translation differences, reclasses	New provisions charged to income statement	Releases to income statement	Changes through equity	Balance at end of current year
Provisions for deferred tax	61,999	-	5	2,509	-	258	64,771
Provisions for pension funds	45,218	-	-	-28,823	-	-189	16,206
Value adjustments and provisions for default risks (collectibility and country risks)	6,410	-2,479	-10	2,451	-1,566	-	4,806
Restructuring provision	7,765	-2,820	-188	1,661	-1,725	-	4,693
Other provisions	22,539	-712	-51	9,407	-1,846	-	29,337
Total value adjustments and provisions	143,931	-6,011	-244	-12,796	-5,137	69	119,812
Less value adjustments directly set off against assets	-6,410	2,479	10	-2,451	1,566	-	-4,806
Total value adjustments and provisions in liabilities	137,521	-3,532	-234	-15,247	-3,571	69	115,006

The restructuring provision includes provisions for the estimated restructuring costs of companies integrated into SIX and restructuring activities within SIX during the past years (personnel expenses due to restructuring, adjustments of existing IT systems etc.).

Other provisions include provisions for contractually agreed repair work on rented buildings, pending legal cases and product guarantees. All provisions are valued based on estimates of economic risk.

Impaired loans and receivables

in CHF 1,000	31.12.2011	31.12.2010
Total amount of debt (other assets)	4,793	6,215
Estimated liquidation value of collateral	-2	-91
Net amount of debt	4,791	6,124
Individual value adjustments	4,725	6,032

10 Company capital and shareholders with voting rights exceeding 5%

	31.12.2011			31.12.2010		
	Total nominal value (in CHF 1,000)	Number of shares (in 1,000)	Capital with right to dividend (in CHF 1,000)	Total nominal value (in CHF 1,000)	Number of shares (in 1,000)	Capital with right to dividend (in CHF 1,000)
Company capital						
Share capital	19,522	19,522	19,522	19,522	19,522	19,522
Total company capital	19,522		19,522	19,522		19,522
Authorized capital	-	-	-	-	-	-
Conditional capital	-	-	-	-	-	-

Significant shareholders and groups of shareholders with pooled voting rights	31.12.2011			31.12.2010		
	Nominal value (in CHF 1,000)	Capital share (in %)	Voting share (in %)	Nominal value (in CHF 1,000)	Capital share (in %)	Voting share (in %)
Direct owners of capital						
UBS AG, Zurich and Basel	3,380	17.3	17.3	3,380	17.3	17.3
Credit Suisse, Zurich ¹	2,500	12.8	12.8	2,500	12.8	12.8

¹ Includes indirect ownership of capital of Clariden Leu AG and Neue Aargauer Bank AG.

11 Aggregate amount of receivables from and payables to affiliated companies as well as credits to governing bodies

in CHF 1,000	31.12.2011	31.12.2010
Receivables from affiliated companies	1,750	15,166
Payables to affiliated companies	235,127	173,005
Credits to governing bodies	-	-

12 Analysis of assets and liabilities of SIX Securities Services

The following tables are based on the consolidated financial statements of the sub-group of SIX Securities Services AG (SIX Securities Services), as this subgroup represents the main part of the banking and balance sheet business of SIX. Other companies of SIX are not included.

The consolidated financial statements of SIX Securities Services have been set up on separate accounting policies and valuation principles (for the following balance sheet of SIX Securities Services). This leads to inconsistencies between the allocation of accounts in the financial statements of SIX and SIX Securities Services (e.g. receivables from and liabilities to banks are allocated to other assets and liabilities in the financial statements of SIX and to due from banks in the financial statements of SIX Securities Services).

Balance sheet (SIX Securities Services)

in CHF 1,000	31.12.2011	31.12.2010
Assets		
Liquid funds	1,823,197	528,208
Due from banks	1,454,533	2,383,674
Due from customers	57,416	66,369
Financial investments	5,559	1,071
Non-consolidated participations	12,506	10,819
Fixed assets	43,149	48,347
Accrued income and prepaid expenses	5,744	17,107
Other assets	15,725	13,096
Total assets	3,417,829	3,068,690
Liabilities and equity		
Due to banks	2,890,831	2,474,338
Other due to clients	21,460	107,507
Accrued expenses and deferred income	15,795	15,467
Other liabilities	105,174	70,699
Value adjustments and provisions	55,720	49,810
Total liabilities	3,088,979	2,717,821
Share capital	26,000	26,000
General legal reserves	34,910	34,910
Retained earnings	249,959	266,956
Group net income	17,981	23,002
Total equity	328,850	350,869
Total liabilities and equity	3,417,829	3,068,690

Maturity structure of current assets and third-party liabilities (SIX Securities Services)

in CHF 1,000	At sight	Cancellable	Maturity				Without maturity	Total
			within 3 months	3 to 12 months	1 to 5 years	after 5 years		
Current assets								
Liquid funds	1,823,197	–	–	–	–	–	–	1,823,197
Due from banks	949,740	–	476,794	28,000	–	–	–	1,454,533
Due from customers	57,416	–	–	–	–	–	–	57,416
Financial investments	4,488	–	–	1,071	–	–	–	5,559
Total current assets	2,834,841	–	476,794	29,071	–	–	–	3,340,705
Previous year	1,138,710	–	1,716,541	123,000	1,071	–	–	2,979,322
Third-party liabilities								
Due to banks	2,890,831	–	–	–	–	–	–	2,890,831
Other due to clients	21,460	–	–	–	–	–	–	21,460
Total third-party liabilities	2,912,290	–	–	–	–	–	–	2,912,290
Previous year	2,581,845	–	–	–	–	–	–	2,581,845

Analysis of domestic and foreign assets and liabilities (SIX Securities Services)

in CHF 1,000	31.12.2011		31.12.2010	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid funds	1,530,872	292,325	7,012	521,195
Due from banks	390,365	1,064,168	1,936,069	447,605
Due from customers	57,228	187	66,175	194
Financial investments	1,084	4,475	1,071	–
Non-consolidated participations	8,307	4,199	8,309	2,509
Fixed assets	43,149	–	48,347	–
Accrued income and prepaid expenses	5,744	–	17,107	–
Other assets	15,725	–	13,096	–
Total assets	2,052,475	1,365,355	2,097,187	971,503
Liabilities				
Due to banks	1,800,242	1,090,589	1,734,568	739,770
Other due to clients	21,459	1	107,506	1
Accrued expenses and deferred income	15,795	–	15,467	–
Other liabilities	85,853	19,321	54,101	16,599
Value adjustments and provisions	55,720	–	49,810	–
Share capital	26,000	–	26,000	–
General legal reserves	34,910	–	34,910	–
Retained earnings	249,959	–	266,956	–
Group net income	17,981	–	23,002	–
Total liabilities	2,307,919	1,109,910	2,312,320	756,370

Analysis of assets by country/groups of countries (SIX Securities Services)

in CHF 1,000	31.12.2011		31.12.2010	
	Absolute	% share	Absolute	% share
Europe	3,231,948	94.6	2,899,357	94.5
Switzerland	2,052,475	60.1	2,097,187	68.3
Eurozone	1,013,611	29.7	722,525	23.5
Great Britain	117,904	3.4	46,208	1.5
Others	47,959	1.4	33,438	1.1
North/Central America	45,214	1.3	46,668	1.5
Canada	42,787	1.3	46,168	1.5
USA	2,418	0.1	479	0.0
Others	8	0.0	21	0.0
South America	335	0.0	512	0.0
Argentina	253	0.0	245	0.0
Brazil	82	0.0	266	0.0
Africa	2,464	0.1	12,560	0.4
South Africa	2,422	0.1	12,560	0.4
Egypt	42	0.0	–	–
Asia	82,295	2.4	72,540	2.4
Japan	45,952	1.3	43,595	1.4
Hong Kong	18,248	0.5	10,393	0.3
Singapore	15,292	0.4	15,477	0.5
Others	2,803	0.1	3,076	0.1
Australia	55,574	1.6	37,053	1.2
Australia	45,415	1.3	27,770	0.9
New Zealand	10,158	0.3	9,284	0.3
Total assets	3,417,829	100.0	3,068,690	100.0

Analysis of balance sheet by currency (SIX Securities Services)

in CHF 1,000	CHF	EUR	USD	GBP	Others	Total
Assets						
Liquid funds	1,530,872	292,325	–	–	–	1,823,197
Due from banks	327,473	262,584	482,615	90,629	291,233	1,454,533
Due from customers	57,416	–	–	–	–	57,416
Financial investments	1,128	650	3,435	239	108	5,559
Non-consolidated participations	10,802	1,704	–	–	–	12,506
Fixed assets	43,149	–	–	–	–	43,149
Accrued income and prepaid expenses	5,708	–	–	36	–	5,744
Other assets	2,557	2,663	2,984	2,672	4,848	15,725
Total balance sheet assets	1,979,104	559,926	489,034	93,576	296,189	3,417,829
Delivery claims from spot exchange deals, forward exchange deals and currency options transactions	–	–	–	–	–	–
Total assets	1,979,104	559,926	489,034	93,576	296,189	3,417,829
Liabilities						
Due to banks	1,558,299	514,898	455,668	85,495	276,471	2,890,831
Other due to clients	15,235	919	387	1,084	3,835	21,460
Accrued expenses and deferred income	15,749	–	–	45	0	15,795
Other liabilities	12,445	41,502	29,674	6,020	15,532	105,174
Value adjustments and provisions	55,720	–	–	–	–	55,720
Share capital	26,000	–	–	–	–	26,000
General legal reserves	34,910	–	–	–	–	34,910
Retained earnings	249,959	–	–	–	–	249,959
Group net income	17,981	–	–	–	–	17,981
Total balance sheet liabilities	1,986,299	557,319	485,729	92,644	295,838	3,417,829
Delivery claims from spot exchange deals, forward exchange deals and currency options transactions	–	–	–	–	–	–
Total liabilities	1,986,299	557,319	485,729	92,644	295,838	3,417,829
Net position per currency	–7,195	2,606	3,305	932	352	–
Net position previous year	–1,264	1,968	–715	607	–596	–

Information on the Group off-balance sheet transactions

13 Contingent liabilities and irrevocable facilities granted

in CHF 1,000	31.12.2011	31.12.2010
Other contingent liabilities – unsecured	136,153	140,553
Guarantees to secure credits and performances	10,490	39
Total contingent liabilities	146,643	140,592
Payment commitments related to the deposit guarantee	36	8
Total irrevocable facilities granted	36	8

SIX Swiss Exchange AG has committed itself in a letter of comfort to providing Eurex Clearing AG, Frankfurt, with 15% of the financial resources it needs to fulfill its obligations as a clearing house. The commitment for events prior to 1 January 2005 is 20%. The commitment is limited to a maximum amount of EUR 105 million.

In compliance with the regulatory requirements of the Financial Services Authorities (FSA), SIX Swiss Exchange AG has committed itself to providing SWX Europe Holdings Ltd with sufficient financial resources at all times.

14 Derivative financial instruments

in CHF 1,000	Trading instruments			"Hedging" instruments		
	Positive replacement values	Negative replacement values	Notional amount	Positive replacement values	Negative replacement values	Notional amount
Interest rate swaps	–	–	–	–	–	–
Foreign exchange forward contracts	1,006	29	137,217	–	32,980	325,707
Equity instruments forward contracts	43,166	43,227	6,612,355	–	–	–
Total before netting agreements						
Current year	44,171	43,255	6,749,572	–	32,980	325,707
Previous year	34,941	34,326	4,712,117	–	–	–
			Positive replacement values	Negative replacement values		
Total after netting agreements						
Current year			6,683	38,746		
Previous year			9,069	8,453		

As part of its risk management, SIX uses derivatives for hedging purposes in order to reduce its cash flow exposure from the sale of the Eurex participation as explained in note 4 "Changes in non-consolidated participations, fixed and intangible assets". The accounting treatment is hedge accounting and is in compliance with IAS 39 "Financial Instruments: Recognition and Measurement".

15 Fiduciary transactions

in CHF 1,000	31.12.2011	31.12.2010
Fiduciary deposits with third-party banks	784	722
Total fiduciary transactions	784	722

Information on the Group income statement

16 Net commission and other services business income

in CHF 1,000	2011	2010
Commission revenues	302,947	310,101
Transaction processing income	261,169	263,044
Trading fee income	275,523	276,896
Admission and license fees	57,608	53,207
Deposit and administration fees	122,044	124,013
Total commission income	1,019,290	1,027,260
Deposit and administration fees paid	-102,386	-105,242
Commission and other fees expenses	-165,250	-165,753
Telecommunication, office and administration services paid to third parties	-75,783	-74,070
Total commission expenses	-343,419	-345,065
Exchange information and financial services	393,866	419,210
Card services	45,623	47,494
Total income from other services business	439,489	466,703
Information and data procurement	-47,517	-46,746
Total expenses for other services business	-47,517	-46,746
Total net commission and other services business income	1,067,844	1,102,153

17 Net trading income

in CHF 1,000	2011	2010
Net securities income	8,274	6,348
Net foreign exchange income	-1,760	-293
Total net trading income	6,513	6,055

18 Other ordinary income

in CHF 1,000	2011	2010
Terminal sale and rental income	37,324	34,943
Projects, development and other market services income	36,411	31,843
Corporate services income	26,676	30,440
IT and facility infrastructure services income	16,493	15,507
Others	15,576	17,907
Total other ordinary income	132,480	130,641

19 Personnel expenses

in CHF 1,000	2011	2010
Salaries: attendance fees and retainers to governing bodies, salaries and benefits	-451,897	-456,734
Social costs	-67,995	-95,000
Other personnel expenses	-28,883	-27,836
Total personnel expenses	-548,775	-579,570

20 Other operating expenses

in CHF 1,000	2011	2010
Facility expenses	-30,401	-33,116
IT, machinery, furniture and other operational equipment	-44,943	-45,957
Advertising and marketing expenses	-14,422	-17,195
Consulting, fees and other services	-133,665	-131,291
Expenses for inventory	6,949	4,265
Indirect taxes	-21,702	-19,254
Other fees	-3,650	-2,500
Other operational expenses	-53,220	-50,054
Total other operating expenses	-295,055	-295,101

21 Operating income and expenses divided into domestic and foreign

in CHF 1,000	2011		2010	
	Domestic	Foreign	Domestic	Foreign
Interest income	9,583	385	6,990	317
Interest expenses	-775	-23	-2,619	-341
Net interest income	8,808	362	4,370	-24
Commission income	913,774	105,515	912,903	114,357
Commission expenses	-296,061	-47,358	-308,859	-36,206
Income from other services business	216,747	222,742	215,277	251,426
Expenses for other services business	-40,888	-6,628	-37,782	-8,965
Net commission and other services business income	793,572	274,271	781,540	320,613
Net trading income	4,277	2,236	5,827	228
Income from non-consolidated participations	42,830	-	-17,959	-
Other ordinary income	87,778	44,702	85,887	44,754
Other ordinary expenses	-697	-485	-3,902	-841
Net other income	129,911	44,217	64,026	43,913
Operating income	936,569	321,086	855,763	364,729
Personnel expenses	-399,476	-149,299	-420,108	-159,463
Other operating expenses	-220,196	-74,859	-214,875	-80,226
Operating expenses	-619,672	-224,158	-634,983	-239,689
Gross income	316,898	96,928	220,780	125,041

22 Extraordinary income and expenses

in CHF 1,000	2011	2010
Gains from disposals of fixed and intangible assets	199	226
Total extraordinary income	199	226
Losses from disposals of fixed and intangible assets	-888	-670
Total extraordinary expenses	-888	-670

23 Taxes

in CHF 1,000	2011	2010
Expenses for current income and capital taxes	-56,357	-65,977
Net allocations to provisions for deferred taxes	-5,508	23,095
Total taxes	-61,865	-42,883
Recognized deferred tax benefits on losses carried forward	2,891	3,172
Non-recognized deferred tax benefits on losses carried forward	28,722	31,905

24 Income from and expenses to related parties

Significant income from and expenses to non-consolidated participations, qualified shareholders and affiliated companies are listed below. All transactions have been conducted at prevailing market prices.

Transactions with non-consolidated participations

in CHF 1,000	2011	2010
Commission income	155,697	158,602
Income from other services business	1,954	1,111
Other ordinary income	17,349	20,101
Total income from non-consolidated participations	175,000	179,814
Commission expenses	-32,977	-35,697
Expenses for other services business	-22	-20
Total expenses to non-consolidated participations	-32,999	-35,717

Transactions with qualified shareholders and affiliated companies

in CHF 1,000	2011	2010
Interest income	4,206	3,616
Commission income	128,800	132,155
Income from other services business	47,754	47,897
Other ordinary income	3,713	2,707
Total income from qualified shareholders and affiliated companies	184,473	186,376
Interest expenses	-5	-676
Commission expenses	-33,390	-41,539
Other ordinary expenses	-593	-365
Total expenses to qualified shareholders and affiliated companies	-33,987	-42,580

Additional information according to requirements of the fourth and the seventh EU directive

The consolidated financial statements of Telekurs (France) SAS including its subsidiaries (Telekurs France Group), and the consolidated financial statements of Telekurs Sweden AB including its subsidiaries (Telekurs Sweden Group), are integrated into the consolidated financial statements of SIX following the accounting policies and valuation principles of SIX.

For Telekurs France Group and Telekurs Sweden Group, no separate consolidated financial statements will be published. Therefore, following the fourth and the seventh directive of the European Union (EU), additional consolidated information about Telekurs France Group and Telekurs Sweden Group are summarised below:

Telekurs France Group

in CHF 1,000	2011	2010
Total fixed assets	8,196	12,214
Operating income	72,901	90,881
Net income	10,559	14,783
Total equity	69,600	68,847
Number of personnel (full-time equivalents)	387	409

Telekurs Sweden Group

in CHF 1,000	2011	2010
Total fixed assets	2,413	4,286
Operating income	22,465	24,485
Net income	1,248	2,675
Total equity	23,843	23,205
Number of personnel (full-time equivalents)	120	123

Report of the Group auditor

To the General Meeting of SIX Group AG, Zurich
Zurich, 8 March 2012

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of SIX Group AG, which comprise the balance sheet, income statement, cash flow statement and notes for the year ended 31 December 2011.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation 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. 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 and fair presentation 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 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss banking law and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight 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

Thomas Schneider
Licensed audit expert
(Auditor in charge)

Pascal Berli
Licensed audit expert

Financial Statements of SIX Group AG 2011

Balance sheet

in CHF 1,000	31.12.2011	31.12.2010
Assets		
Liquid funds ¹	187,562	161,770
Securities trading portfolio	494,078	393,814
Receivables – Group	314,309	550,056
Receivables – Third parties	4,594	4,281
Accrued income and prepaid expenses	4,047	3,171
Total current assets	1,004,591	1,113,093
Loans – Group and shareholders	243,597	248,600
Loans – Third parties	7,554	14,000
Other financial assets	11,300	–
Intangible assets	3,158	4,211
Participations	1,254,335	1,000,032
Total non-current assets	1,519,944	1,266,843
Total assets	2,524,535	2,379,936
Liabilities and equity		
Liabilities – Group and shareholders	576,379	818,732
Liabilities – Third parties	317	18,593
Accrued expenses and deferred income	33,189	2,597
Provisions	5,000	–
Total liabilities	614,884	839,922
Share capital	19,522	19,522
General legal reserve	–	783,825
Reserve from contribution of capital	783,825	–
Reserve for treasury shares	23,348	23,348
Retained earnings	628,399	555,073
Net income	454,557	158,246
Total equity	1,909,651	1,540,014
Total liabilities and equity	2,524,535	2,379,936

¹ Liquid funds contain positions at shareholder banks as well.

Income statement

in CHF 1,000	2011	2010
Income from participations	508,965	197,512
Financial income	30,195	28,410
Other operating income	14,933	14,210
Total income	554,094	240,133
Financial expenses	-46,135	-11,278
Depreciation and write-offs	-1,053	-1,053
Value adjustments, provisions and losses	-33,023	-56,653
Other operating expenses	-19,326	-13,598
Total expenses	-99,537	-82,582
Net income before taxes	454,557	157,551
Taxes	-	695
Net income	454,557	158,246

Notes to the financial statements

Equity statement

in CHF 1,000	Share capital	General legal reserve	Reserve from contribution of capital	Reserves for treasury shares	Retained earnings	Total
1 January 2011	19,522	783,825	–	23,348	713,319	1,540,014
Allocation of reserves	–	–783,825	783,825	–	–	–
Dividend payments	–	–	–	–	–84,920	–84,920
Net income	–	–	–	–	454,557	454,557
31 December 2011	19,522	–	783,825	23,348	1,082,956	1,909,651
1 January 2010	19,522	783,825	–	23,348	639,993	1,466,689
Allocation of reserves	–	–	–	–	–	–
Dividend payments	–	–	–	–	–84,920	–84,920
Net income	–	–	–	–	158,246	158,246
31 December 2010	19,522	783,825	–	23,348	713,319	1,540,014

Treasury shares

	31.12.2011		31.12.2010	
	Number	Book value (in CHF 1,000)	Number	Book value (in CHF 1,000)
Held directly	10	–	10	–
Held by subsidiaries	607,854	23,348	607,854	23,348

Allocation of retained earnings (Board of Directors' proposal)

in CHF 1,000	2011	2010
Profit carried forward from previous year	628,399	555,073
Net income	454,557	158,246
Available retained earnings for distribution	1,082,955	713,319
Dividend CHF 5.00 per registered share of CHF 1 nominal value (previous year CHF 4.35)	–97,610	–84,920
Profit carried forward to the following year	985,346	628,399

Participations

in CHF 1,000	Share capital in 1,000	Share in % 31.12.2011	Share in % 31.12.2010
SIX Exfeed AG, Zurich	CHF 1,100	100.0	100.0
SIX Management AG, Zurich	CHF 100	100.0	100.0
SIX Pay SA, Luxembourg	EUR 1,040	100.0	100.0
SIX Securities Services AG, Zurich	CHF 26,000	100.0	100.0
SIX Swiss Exchange AG, Zurich	CHF 10,000	100.0	100.0
SIX Terravis AG, Zurich	CHF 4,100	100.0	100.0
Telekurs Holding AG, Zurich	CHF 45,000	100.0	100.0
Indexium AG, Zurich	CHF 100	50.1	50.1
CETREL SA, Luxembourg	EUR 4,713	50.0	50.0
STOXX AG, Zurich	CHF 1,000	49.9	49.9

Pledged or assigned assets to secure own commitments and assets subject to reservation of title

in CHF 1,000	31.12.2011	31.12.2010
Assets which are pledged (liquid funds)	11,300	14,023

Off-balance sheet transactions

Contingent liabilities

in CHF 1,000	31.12.2011	31.12.2010
Guarantees and other contingent liabilities (in favour of participations)	44,300	85,290
Guarantees and other contingent liabilities (in favour of third parties)	10,000	p.m.
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

Risk assessment

Information about the execution of a risk assessment is contained in the notes to the consolidated financial statements.

Report of the statutory auditor

To the General Meeting of SIX Group AG, Zurich
Zurich, 8 March 2012

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of SIX Group AG, which comprise the balance sheet, income statement and notes for the year ended 31 December 2011.

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 2011 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

Thomas Schneider
Licensed audit expert
(Auditor in charge)

Pascal Berli
Licensed audit expert

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