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FINANCIAL STATEMENTS AND OPERATIONS REPORT – 2014



CONTENTS

| | |
|----|--|
| 4 | BOARD OF DIRECTORS' REPORT |
| 5 | OPERATIONS REPORT |
| 10 | FINANCIAL REPORT |
| 13 | NOTES TO THE FINANCIAL REPORT |
| 13 | 1. Notes on business operations and staff |
| 15 | 2. Accounting and valuation principles |
| 18 | 3. Information on the balance sheet |
| 26 | 4. Information on off-balance sheet operations |
| 27 | 5. Information on the income statement |
| 29 | REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS |
| 30 | COMMITTEES |

REPORT OF THE BOARD OF DIRECTORS

In the 2014 financial year, the Board of Directors advised and supervised the Executive Board in accordance with legal requirements and the provisions of the articles of incorporation; the board also made decisions on the transactions presented for their approval.

The Executive Board reported regularly, promptly and extensively in verbal and written form to the Board of Directors regarding the position and performance of the Company, as well as on the general course of business. Furthermore, the Executive Board informed the Board of Directors on a regular basis of the future business policy, including the strategic and organisational direction of DZ PRIVATBANK (Schweiz) AG. The commercial position of the company, corporate planning and strategy, as well as key financial data, were highlighted in the reporting. The Board of Directors discussed in particular the role of DZ PRIVATBANK (Schweiz) AG in further improving the market presence in private banking, and cultivating a market with a strong customer focus through the subsidiary division of tasks with the cooperative banks in Germany. The Board of Directors examined the risk situation of the Company and the further development of the systems and procedures to control typical risks for the banking industry.

The Board of Directors also welcomed the actions taken to improve the structure and management of DZ PRIVATBANK and the raft of measures to increase profitability. The associated aims are to pool forces and increase synergies for the sake of even stronger common growth across 4 countries and 12 locations. In future, major production areas are to be centralised, particularly at the head office in Luxembourg. Sales activities are to be decentralised on the basis of targets and potential. With this decision, the Board of Directors is also shortly expecting the first gains in effectiveness and efficiency to have a positive impact on the results.

The Board of Directors discussed in detail the annual financial statements and the operations report for the 2014 financial year. The audit report of Ernst & Young AG was also available. A representative of the auditor was present at the Board of Directors meeting at which the annual financial statements were drawn up. He reported in detail to the Board of Directors on the results of the audit and was available to give additional explanations and opinions. The auditors gave an unqualified report. The Board of Directors approved the annual financial statements established by the Executive Board for the 2014 financial year, and attached it to the auditing company's unreserved auditor's opinion.

The Board of Directors thanked the entire Executive Board and all the employees of DZ PRIVATBANK (Schweiz) AG for their work in 2014.

Zurich, 19 February 2015

DZ PRIVATBANK (Schweiz) AG
Lars Hille
Chairman of the Board of Directors

OPERATIONS REPORT

GENERAL PERFORMANCE

DZ PRIVATBANK (SCHWEIZ) AG reported a net annual profit of CHF 0.6 million for the 2014 financial year. The result is still considered satisfactory given the persistently difficult economic environment on the one hand, and the ongoing reorganisation of the Bank's business model on the other hand. The total assets of CHF 1.429 billion are below the previous year's figure (CHF 1.549 billion).

ASSETS

Amounts receivable from banks decreased to CHF 160.2 million (previous year: CHF 394.0 million).

By contrast, amounts receivable from customers rose slightly to CHF 67.0 million (previous year: CHF 54.6 million). The Bank focuses here entirely on lending activities associated with the private client business, especially on advancing loans against assets.

When selecting securities, our own investments (trading holdings and financial investments in securities and precious metals) are almost exclusively bank bonds for which the credit standards (rating) are in line with the defined investment strategy. Own investments at year end amounted to CHF 712.2 million in the reporting year (previous year: CHF 786.3 million).

LIABILITIES

Amounts due to banks decreased to CHF 79.7 million (previous year: CHF 281.3 million).

The remaining amounts due to customers rose again to CHF 1,070.6 million (previous year: CHF 987.2 million). The reasons for this are the low interest rates and customers' continued aversion to risk, which meant that funds are temporarily parked in current accounts.

CONTINGENT LIABILITIES, FIDUCIARY PLACEMENTS

Contingent liabilities have risen considerably to CHF 25.8 million, compared with CHF 22.4 million the previous year, on account of fully covered customer transactions. In the light of the current interest rate situation, the fiduciary placements made for our clients remain at a low level of CHF 52.9 million (previous year: CHF 43.2 million).

PROFIT AND LOSS ACCOUNT

Net interest income stands at CHF 10.8 million (previous year: CHF 12.6 million). This decrease is mainly due to the fact that expiring tranches of financial assets can no longer be adequately replaced on account of the low interest rate environment. On the balance sheet date, financial assets amounted to CHF 711.8 million (previous year: CHF 785.1 million).

Income from commission business and services amounting to CHF 39.7 million showed a slight decrease of about 4 %. As at 31 December 2014 DZ PRIVATBANK (Schweiz) AG reported assets under management with a Swiss Custodian at CHF 5.0 billion (previous year: CHF 4.9 billion). In addition, this included assets totalling CHF 1.9 billion (previous year: CHF 1.0 billion) from decentralised asset management, for which DZ PRIVATBANK (Schweiz) AG acted as asset manager. An asset management ratio of 57 % underscores the high acceptance of asset management products and services.

Income from trading activities stands at CHF 4.2 million (previous year: CHF 3.4 million). This relates almost without exception to client-initiated transactions. The Bank does not have a proprietary trading book of any significance. There were mutual cost allocations on account of contractual services performed within the DZ PRIVATBANK Group. The revenue from this, which totalled CHF 6.0 million (previous year: CHF 5.9 million), is reflected in the "Other income from ordinary activities" item.

Operating income amounted to CHF 60.8 million (previous year: CHF 63.5 million).

Operating expenses (personnel and general administrative expenditure) totalling CHF 58.0 million were around 9 % above the previous year's level of CHF 53.4 million. This increase is mainly due to extraordinary charges during the 2014 financial year.

DZ PRIVATBANK (Schweiz) AG therefore closed 2014 with a gross operating profit of CHF 2.8 million (previous year: CHF 10.1 million).

Regular investment depreciation in the previous and current year was recorded under depreciation and amounted to CHF 2.2 million (previous year: 2.2 million).

After taking into consideration the "Value adjustments, provisions and losses", "Extraordinary income" and "Taxes" items, the net annual profit was CHF 0.6 million (previous year: CHF 2.6 million).

Our partner banks particularly benefited from our success. Commission expenses, which reflect the bonuses and commissions to cooperative banks, stood at CHF 13.9 million at the end of 2014 (previous year: CHF 13.9 million).

HUMAN RESOURCES

At the end of the year, the Bank had 205 employees, including 7 trainees. Approximately 22 % of employees worked part-time and about 33 % were women. Bank employees were an average age of 42 and had worked in the Bank for eight years on average.

RISK MANAGEMENT

The Bank's risk policy, which was approved by the Board of Directors during the December 2014 meeting, forms the basis of the risk management. Clear limits are set for individual measurable risks and compliance with

these is constantly monitored. The risk policy is the central policy for all banking risks and constitutes the framework for internal directives.

The Bank pursues a risk-conscious business strategy within its core private banking business and this is reviewed on a regular basis by the committees, in consultation with the DZ PRIVATBANK Group. The Bank also has well-established and well-functioning operational and monitoring processes. The principle here in particular is that any material risks are immediately reported to the appropriate line manager and to the Internal Audit Department.

The Bank differentiates and controls the risk categories for credit, market, liquidity, equity, operational risks (including legal and fiscal risks), business and strategic risks (reputational risk, regulatory risks, etc.) The Bank's risks are actively managed and monitored.

The Board of Directors, Executive Board and management are regularly informed about the Bank's net assets, financial position, liquidity, results of operations and also about potential risks by means of an appropriate management information system.

DZ PRIVATBANK (Schweiz) AG is also closely involved in the DZ PRIVATBANK Group's integrated risk and capital control system. The limits assigned in this context (maximum loss limits) have to be constantly monitored and adhered to.

The legal and other regulatory provisions and code of conduct were complied with throughout the reporting year. Appropriate and sufficient provision was made for all latent and identifiable risks.

OUTLOOK 2015

In light of completely different growth expectations in the key economic regions, DZ PRIVATBANK is entering the new financial year with cautious optimism. The economic indicators in the opportunities and risks section are not providing consistent signals. The low oil price sparked mixed feelings in the financial markets. On the one hand, the slump in prices implies major risks for the economies and stability of oil-producing countries, but on the other hand a sustained low price of crude oil would have a positive effect on the economic growth of buyer countries. Given that low crude oil prices push prices down and are likely to intensify the deflation debate, the European Central Bank views the change in oil price with concern. Global economic growth should accelerate slightly in 2015, although the rate of growth in the traditional economic regions should be noticeable only in the USA. In Japan and the eurozone, a moderate economic recovery is to be expected. In the eurozone, further growth stimulus is expected among the former crisis countries, which are now reaping the rewards of the restructuring measures.

The mood among investors is subdued in the face of the tense geopolitical situation and the concern of another flare-up of the euro crisis. It remains to be seen to what extent investors again cast aside their risk aversion following poor returns on financial investments and debt instruments, and take on further commitments in shares. Without noticeable reductions in the high liquidity resources in riskier investment forms, only slight growth momentum for commission income is expected.

The Swiss National Bank's abandonment of the minimum rate and introduction of negative interest rates caused surprise in the currency markets; the effects on the capital markets remain to be seen. The Swiss economy is therefore facing new challenges which the Bank is also confronting.

Regulatory expenses will also impact business operations in the current year. The actions already undertaken in 2014 to improve the structure and management of the Group and a raft of measures to increase profitability reflect these developments.

In the private banking sector, DZ PRIVATBANK continues to embrace its subsidiary growth strategy. The broader and deeper collaboration with cooperative banks in Germany is at the heart of the activities. Expanding the common customer base and business volumes in the target customer segment of high-net-worth private clients, companies and institutional asset holders such as foundations and family offices should contribute to offsetting the development of margins in the current interest rate environment. In a DZ PRIVATBANK satisfaction survey on private banking, about 70 % of cooperative banks indicated that this sector is today either important or very important. 83 % consider that it will grow further in significance. 73 % of the banks surveyed which are already very or extremely satisfied with the partnership with DZ PRIVATBANK, stated that conditions are ripe for the overall market share of cooperative private banking to grow further. To this end, DZ PRIVATBANK will continue to improve sales and processing for greater efficiency and integration of processes.

Various independent auditing bodies have stated that for 2015, DZ PRIVATBANK has made lasting improvements to its "local, national and international competences." As a result, it is among the leading quality private banks/asset managers in German-speaking areas.

The Executive Board would like to thank all employees for their dedication and the corporate success achieved together in 2014; its thanks also go to the cooperative banks and customers for their trust.

BALANCE SHEETS AT 31 DECEMBER 2014 AND 2013

| Assets in CHF 000 | Details in the Notes | 31/12/2014 CHF | Previous year CHF | Change CHF |
|---|----------------------|------------------|-------------------|-----------------|
| Liquid funds | | 446,713 | 275,117 | 171,596 |
| Due from money market papers issued | | 1 | 1 | 0 |
| Due from banks | | 160,193 | 394,039 | -233,846 |
| Due from clients | 3.1 | 66,970 | 54,636 | 12,334 |
| Mortgages | | 5,350 | 5,400 | -5-50 |
| Trading holdings in securities and precious metals | 3.2 | 382 | 1,168 | -786 |
| Financial assets | 3.2, 3.6 | 711,801 | 785,137 | -73,336 |
| Equity interests | 3.2, 3.3, 3.4 | 6,004 | 6,004 | 0 |
| Tangible fixed assets | 3.4 | 3,371 | 4,567 | -1,196 |
| Prepayments and accrued income | | 13,666 | 10,814 | 2,852 |
| Other assets | 3.5 | 14,831 | 11,855 | 2,976 |
| Total assets | | 1,429,282 | 1,548,738 | -119,456 |
| Total subordinated assets | | 2,092 | 2,135 | -43 |
| Total receivables from Group companies and qualified participants | | 27,167 | 275,632 | -248,465 |

| Liabilities in CHF 000 | Details in the Notes | 31/12/2014 CHF | Previous year CHF | Change CHF |
|---|----------------------|------------------|-------------------|-----------------|
| Due to money-market papers issued | | 544 | 6,537 | -5,993 |
| Due to banks | | 79,704 | 281,250 | -201,546 |
| Other amounts due to clients | | 1,070,562 | 987,245 | 83,317 |
| Prepayments and accrued income | | 19,656 | 21,773 | -2,117 |
| Other liabilities | 3.5 | 18,917 | 11,801 | 7,116 |
| Value adjustments and provisions | 3.9 | 9,601 | 9,956 | -355 |
| Reserves for general banking risks | 3.9 | 18,800 | 19,300 | -500 |
| Share capital | 3.10, 3.11 | 100,000 | 100,000 | 0 |
| Statutory reserve | 3.11 | 90,200 | 90,200 | 0 |
| Other reserves | 3.11 | 14,000 | 14,000 | 0 |
| Profits carried forward | 3.11 | 6,676 | 4,073 | 2,603 |
| Net annual profit | 3.11 | 622 | 2,603 | -1,981 |
| Total liabilities | | 1,429,282 | 1,548,738 | -119,456 |
| Total liabilities to Group companies and qualified participants | | 70,332 | 275,128 | -204,796 |

OFF-BALANCE SHEET ITEMS 31 DECEMBER 2014 AND 2013

| Off-balance sheet items in CHF 000 | Details in the Notes | 31/12/2014 CHF | Previous year CHF | Change CHF |
|--|----------------------|----------------|-------------------|--------------|
| Contingent liabilities | 3.1, 4.1 | 25,831 | 22,447 | 3,384 |
| Irrevocable commitments¹ | 3.1 | 4,170 | 4,004 | 166 |
| Derivative financial instruments | 4.3 | | | |
| – positive replacement values | | 4,597 | 2,681 | 1,916 |
| – negative replacement values | | 13,530 | 3,592 | 9,938 |
| – contract volumes | | 435,665 | 335,121 | 100,544 |
| Fiduciary transactions | 4.4 | 52,883 | 43,182 | 9,701 |

¹ incl. payment obligation under deposit guarantee

INCOME STATEMENTS 2014 AND 2013

| Income and expenditure from normal banking business in CHF 000 | Details in the Notes | 2014 CHF | Previous year CHF | Change CHF |
|---|-------------------------|----------------|----------------------|---------------|
| Net interest income | | | | |
| Interest and discount income | | 2,043 | 2,634 | -591 |
| Interest and dividend income from trading portfolio | | 1 | 6 | -5 |
| Interest and dividend income from financial investments | | 9,025 | 10,570 | -1,545 |
| Interest expenses | | -245 | -639 | 394 |
| Subtotal net interest income | | 10,824 | 12,571 | -1,747 |
| Income from commission business and services | | | | |
| Commission income from credit business | | 82 | 41 | 41 |
| Commission income from securities and investment business | | 46,026 | 48,238 | -2,212 |
| Commission income from other services | | 7,541 | 7,143 | 398 |
| Commission expenses | | -13,921 | -13,931 | 10 |
| Subtotal income from commission business and services | | 39,728 | 41,491 | -1,763 |
| Income from trading activities | 5.2 | 4,183 | 3,448 | 735 |
| Other income from ordinary activities | | | | |
| Other ordinary income | | 6,076 | 5,984 | 92 |
| Subtotal other income from ordinary activities | | 6,076 | 5,984 | 92 |
| Operating expenses | | | | |
| Personnel expenses | 5.3 | -34,899 | -32,363 | -2,536 |
| General administrative expenses | 5.4 | -23,111 | -21,056 | -2,055 |
| Subtotal operating expenses | | -58,010 | -53,419 | -4,591 |
| Gross operating profit | | 2,801 | 10,076 | -7,275 |
| Depreciation on fixed assets | 3.4 | -2,152 | -2,151 | -1 |
| Value adjustments, provisions and losses | 3.9 | -876 | -8,055 | 7,179 |
| Profit before extraordinary items | | -227 | -130 | -97 |
| Extraordinary income | 5.5 | 1,819 | 3,830 | -2,011 |
| Taxes | | -970 | -1,097 | 127 |
| Net annual profit | | 622 | 2,603 | -1,981 |

| Profit appropriation in CHF 000 | 2014 CHF | Previous year CHF | Change CHF |
|------------------------------------|--------------|----------------------|---------------|
| Net annual profit | 622 | 2,603 | -1,981 |
| Profits carried forward | 6,676 | 4,073 | 2,603 |
| Distributable profit | 7,298 | 6,676 | 622 |
| Profit appropriation | | | |
| Profits carried forward | 7,298 | 6,676 | 622 |

CASH FLOW STATEMENTS 2014 AND 2013

| in CHF 000 | 2014 | | | Previous year | | |
|---|----------------|----------------|-----------------|----------------|----------------|-----------------|
| | Inflow | Outflow | Balance | Inflow | Outflow | Balance |
| Net annual profit | 622 | | | 2,603 | | |
| Depreciation on fixed assets | 2,152 | | | 2,151 | | |
| Value adjustments and provisions | | 355 | | 4,185 | | |
| Changes in reserves for general banking risks | | 500 | | | | |
| Prepayments and accrued income | | 2,852 | | | 1,258 | |
| Accruals and deferred income | | 2,117 | | 222 | | |
| Cash flow from operations (internal financing) | 2,774 | 5,824 | -3,050 | 9,161 | 1,258 | 7,903 |
| Other tangible fixed assets | | 956 | | | 3,685 | |
| Cash flow from fixed asset transactions | 0 | 956 | -956 | 0 | 3,685 | -3,685 |
| Due from banks (over 90 days) | 200,026 | | | | 108,122 | |
| Interbank business | 200,026 | 0 | 200,026 | 0 | 108,122 | -108,122 |
| Mortgage receivables | 50 | | | | 5,400 | |
| Due from clients | | 12,334 | | 21,794 | | |
| Other amounts due to clients | 83,317 | | | 143,876 | | |
| Client business | 83,367 | 12,334 | 71,033 | 165,670 | 5,400 | 160,270 |
| Trading holdings in securities and precious metals | 786 | | | 1,555 | | |
| Financial assets | 73,336 | | | 52,664 | | |
| Capital market transactions | 74,122 | 0 | 74,122 | 54,219 | 0 | 54,219 |
| Other assets | | 2,976 | | | 4,571 | |
| Other liabilities | 7,116 | | | | 1,235 | |
| Other balance sheet items | 7,116 | 2,976 | 4,140 | 0 | 5,806 | -5,806 |
| Cash flow from banking activities | 364,631 | 15,310 | 349,321 | 219,889 | 119,328 | 100,561 |
| Liquid funds | | 171,596 | | | 37,678 | |
| Due from banks (up to 90 days) | 33,820 | | | 109,989 | | |
| Due to banks (up to 90 days) | | 201,546 | | | 181,811 | |
| Due from money market papers issued | | | | | | |
| Due to money market papers issued | | 5,993 | | 4,721 | | |
| Change in liquidity | 33,820 | 379,135 | -345,315 | 114,710 | 219,489 | -104,779 |
| Total inflow | 401,225 | | | 343,760 | | |
| Total outflow | | 401,225 | 0 | | 343,760 | 0 |

NOTES TO THE FINANCIAL REPORT

1. NOTES ON BUSINESS OPERATIONS AND STAFF

As at the reporting date, DZ PRIVATBANK (Schweiz) AG is a 100%-owned subsidiary of DZ PRIVATBANK S. A., Luxembourg, which in turn is a 70 % subsidiary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main. 19 % of the shares are held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, and 11 % by 380 cooperative banks in Germany and Austria.

DZ PRIVATBANK (Schweiz) AG focuses on private client business, asset management and investment advice, including loans against securities, and represents the centre of excellence of the DZ PRIVATBANK Group and the cooperative financial network for private banking in Switzerland. DZ PRIVATBANK (Schweiz) AG is the sole shareholder of IPConcept (Schweiz) AG. This is a fund management company which serves as a centre of excellence specialising in funds in Switzerland.

The Bank's strategic focus is thus on its collaboration with the German cooperative financial network.

As at the end of 2014, the total number of full-time equivalent staff stood at 188.7 compared with 189.9 one year earlier. Seven trainees are receiving training, whereas there were six the previous year.

The business activities listed below have a significant influence on the Bank's risk exposure and income position.

COMMISSION BUSINESS AND SERVICES

Commission business and services are the main pillar of DZ PRIVATBANK (Schweiz) AG. Commission revenue comes primarily from investment advice and asset management. These services are used primarily by private and institutional clients.

BALANCE SHEET OPERATIONS

Balance-sheet operations also account for a substantial proportion of the Bank's revenue. On the lending side, similar to the credit strategy positioning, emphasis is placed on collateralised loans and the financing of property in Switzerland.

DZ PRIVATBANK (Schweiz) AG's financial investments comprise a strategic portfolio of securities with a medium to long-term investment horizon. Rating requirements and decision-making procedures are applied.

Money market business is short-term, whereby a large proportion of transactions is effected within the Group. The structure of the balance sheet is managed by using interest rate swaps to control interest risk.

TRADING

Almost all our trading in foreign exchange, precious metals and securities is related to client-led transactions. The Bank therefore has no significant proprietary trading holdings.

RISK ASSESSMENT

At its meeting in December 2014 in its regular review of its risk policy, the Board of Directors addressed the significant risks, to which the Bank is exposed. This concerns the risk categories for credit, market, liquidity, shareholder, operational (including legal and fiscal risks), business and strategic risks (reputational risk, regulatory risks, etc.). Risk-reduction measures and internal controls (including reporting) were also included in the assessment.

RISK MANAGEMENT

The Board of Directors is the highest governing body in the risk management organisation. It establishes the risk policy and defines in this the risk philosophy, organisation and responsibilities as well as risk measurement and risk control. The risk policy is regularly reviewed for its suitability and forms the basis for the risk management system.

Limits are set for individual risks, and adherence to these is monitored continuously. Trading positions are assumed daily. Responsibility for risk management and risk monitoring is separated at Executive Board level.

The Board of Directors and all the Bank's managers are regularly informed of its net assets, liquidity, financial position and results of operations – and also of potential risks – by means of an appropriate management information and reporting system. As part of an efficient risk-control system, a Risk Control Committee comprising members from different areas meets on a regular basis to closely monitor and document the abovementioned risks and to report to the Executive Board on measures defined. Furthermore the identification, qualification and assessment of risks from information and physical safety is performed by the Committee for Integral Safety.

CREDIT AND DEFAULT RISKS

Credit and default risks are limited by means of risk diversification, quality requirements, cover margins and counterparty limits (authorisation procedures); they are regularly monitored by organisational measures. Active lending business is primarily restricted to loans to private clients and companies covered by collateralised loans, securities or mortgages, subject to strict application of the lending criteria and cover margins, appropriate diversification of security portfolios and daily scrutiny of positions.

Defined credit-rating requirements are applied when selecting our own current investments in line with the defined investment strategy. The individual items are subject to ongoing and close monitoring.

Appropriate provision is made for all latent and identifiable risks.

INTEREST RATE RISKS

Interest rate risks are periodically calculated and quantified using NPV simulations and model calculations. Risk management is performed through suitable balance sheet measures or by employing financial derivative instruments. Fundamental decisions relating to management of the balance sheet structure are taken by the Treasury Committee, which meets on a regular basis.

OTHER MARKET RISKS AND LIQUIDITY RISKS

Market risks affecting the Bank's own positions in securities, foreign exchange and precious metals are restricted by a risk limit system and are monitored daily. The tradeability of the Bank's own positions is reviewed regularly. Liquidity risks are monitored as required by banking legislation and using simulated scenarios.

OPERATIONAL RISKS

Operational risks are restricted by an appropriate and effective organisational structure, combined with a comprehensive system of directives. Regular staff training is conducted to promote risk awareness. The Internal Audit Department reviews the suitability and effectiveness of the internal control system and reports the results directly to the Board of Directors.

As part of the implementation of Basel III, the bank applies the international approach (SA-BIZ) to credit risks and the basic indicator approach to operational risks.

DZ PRIVATBANK (Schweiz) AG is also closely involved in the DZ PRIVATBANK Group's integrated risk and capital control system, which covers the management and control of all risk categories.

COMPLIANCE AND REPUTATIONAL/LEGAL RISKS

The Tax, Legal & Compliance Department ensures that business operations are carried out in accordance with the prevailing regulatory requirements (including FINMA Circular 2008/24) and the obligation to exercise diligence of a financial intermediary. It also ensures compliance with the ongoing requirements and developments emanating from the supervisory authority, the legislature and other bodies, and that directives and rules are amended in the light of regulatory changes. Checks are also made to ensure that the appropriate legal and regulatory specifications are implemented.

The Data Protection Officer acts as a central point of contact for issues concerning data protection and makes sure that the appropriate legal and regulatory specifications are implemented.

The Bank consults both its own internal advisers, as well as external lawyers and taxation specialists, to assess legal and taxation risks.

CAPITAL ADEQUACY

Capital adequacy is disclosed in accordance with FINMA Circular 2008/22 no. 5 in the Annual Report of the DZ BANK Group.

OUTSOURCING OF BUSINESS

Some services are outsourced, primarily for technical reasons, in compliance with the relevant FINMA regulations. Both the Tax, Legal and Compliance Department and Internal Audit ensure that these regulations are observed. All employees of the service providers concerned are contractually bound by banking secrecy, which ensures that confidentiality is maintained. Data is processed exclusively in Switzerland, except in the case of asset management.

The following services are affected:

- Mail services
- Operation of inter-bank applications (SIC, EUROSIC, SWIFT and SECOM/SIX SIS)
- Outsourcing of hardware for servers in connection with technical support for the client-server structure and the PCs
- Decentralised/centralised asset management

POST-BALANCE SHEET EVENTS

The Swiss National Bank's abandonment of the minimum rate and introduction of negative interest rates on 15 January 2015 caused surprise in the currency markets, but the effect of this on the capital markets remains to be seen. It has not had a decisive impact on the assets, finance and profit situation of DZ PRIVATBANK (Schweiz) AG over the past year. The Swiss economy is therefore facing new challenges with which the Bank will also be confronted.

2. ACCOUNTING AND VALUATION PRINCIPLES

GENERAL PRINCIPLES

The Bank's accounts, valuations and balance sheet are drawn up in accordance with the requirements of the Swiss Code of Obligations (OR), the Swiss Banking Act (BankG) and the related ordinance (BankV), as well as the guidelines of the Federal Financial Market Authority (FINMA) and the professional financial reporting recommendations applicable to banks (Swiss GAAP FER). All transactions concluded by the balance sheet date are recorded in updated form. All transactions are reported in accordance with the trade date principle.

FOREIGN CURRENCIES

Holdings of foreign exchange and banknotes and precious metal accounts are converted at the average exchange rates on the balance sheet date.

Foreign currency transactions during the year are converted at the rate at the time of the transaction.

Exchange rates for foreign currencies

| | 2014 | 2013 |
|-----|---------|---------|
| EUR | 1.2024 | 1.2267 |
| USD | 0.98938 | 0.89104 |

LIQUID FUNDS, MONEY MARKET PAPERS, RECEIVABLES DUE FROM BANKS AND BORROWINGS

These items are generally reported at nominal value. In the case of discounted papers, the discount is included in the income statement over the time to maturity.

Repo transactions are treated as advances covered by securities.

The interest income from repo transactions is amortised over the term of the underlying transactions.

RECEIVABLES FROM CLIENTS AND MORTGAGE RECEIVABLES

Amounts due from clients are reported at nominal value.

Doubtful debts, i. e. debts in relation to which it is unlikely that the debtor will be in a position to meet his future obligations, are valued individually and the depreciation is covered by itemised bad debt provisions.

Value impairment is measured as the difference between the book value of the receivable and the amount that is likely to be collectible, taking account of counterparty risk and the net proceeds from the sale of any possible collateral.

All amounts due from customers are periodically reviewed to identify default risks.

Interest and commission income that is more than 90 days overdue is not included in the income statement until it has been paid.

TRADING HOLDINGS IN SECURITIES AND PRECIOUS METALS

These are valued and reported at fair value which corresponds to a price set on a price-efficient, liquid market.

Interest and dividend income from trading holdings in securities are credited to the interest and dividend income from trading holdings item. No capital refinancing costs are charged against the trading profit.

FINANCIAL ASSETS

Held-to-maturity debt instruments are valued in the balance sheet following the accrual method.

Premiums and discounts are entered directly under financial investments. Realised gains from early disposal or repayment are offset under other assets/liabilities or amortised over the residual maturity under interest income.

Value impairments related to credit rating are reported in the income statement under the “Value adjustments, provisions and losses” item.

Equity positions are valued at the lowest value principle.

Only physical holdings used to cover liabilities arising from precious metal accounts are reported under precious metals. Like liabilities, they are reported at market value.

EQUITY INTERESTS

These items are carried at cost, minus write-downs necessitated by operational factors.

TANGIBLE FIXED ASSETS

Investments in tangible fixed assets are capitalised and valued according to the historical cost principle if they are used over more than one accounting period. Small acquisitions are immediately charged to general administrative expenses.

They are depreciated on a straight-line basis over their expected useful life, which is:

Leasehold improvements

– remaining lease agreement term 8 years max.

Other tangible fixed assets

| | |
|---------------------------|--|
| – IT hardware | 3 years max. |
| – furniture | 8 years max. |
| – machinery and equipment | 5 years max. |
| – vehicles | 5 years max. (from initial registration) |

Other (intangible assets)

– IT software 5 years max.

Additional depreciation may be applied. The value of fixed assets is reviewed annually.

VALUE ADJUSTMENTS AND PROVISIONS

Individual value adjustments are deducted directly from the corresponding asset items.

Appropriate provisions are made under this item for identifiable risks in off-balance sheet items and for other operationally identifiable risks. The other provisions may include undisclosed reserves.

PENSION OBLIGATIONS

The Bank's employees are affiliated to a contributory collective foundation under the Federal Act on pension benefits (BVG). This takes the form of a defined-con-

tribution scheme. As required by FINMA's accounting regulations, provisions are formed for liabilities to the pension scheme existing as of the balance sheet date.

Any commercial benefit (e. g. employer's contribution reserve) is not capitalised but reported in the Notes. As at 31 December 2014, the Bank reported no employer's contribution reserve.

TAXES

Current taxes are reported under this expense item. Non-recurrent and transaction-based taxes are not included in this item.

CONTINGENT LIABILITIES, IRREVOCABLE UNDERTAKINGS, CALL AND ADDITIONAL LIABILITIES, COMMITMENT CREDITS

Off-balance sheet transactions are entered at their nominal value. Provisions for risks arising on these items are made under the "Value adjustments and provisions" item.

DERIVATIVE FINANCIAL INSTRUMENTS

Financial derivatives are employed in asset and liability management and in securities, foreign exchange and precious metal trading for the account both of third parties and of the Bank itself.

Financial derivatives that are outstanding on the balance sheet date are treated as off-balance sheet items. Replacement costs are given in the Notes, together with contract volumes.

All financial derivatives are reported at fair value under "Other assets" and "Other liabilities".

Profit from derivatives used to manage the balance sheet structure in order to control interest rate risk is reported in the "Interest income" item.

3. INFORMATION ON THE BALANCE SHEET

3.1 SUMMARY OF THE COLLATERAL RELATING TO LOANS AND OFF-BALANCE SHEET TRANSACTIONS

| in CHF 000 | Type of collateral | | | Total |
|--------------------------------------|---------------------|------------------|--------------------|---------------|
| | Mortgage collateral | Other collateral | Without collateral | |
| Loans | | | | |
| Due from clients | | 66,838 | 132 | 66,970 |
| Mortgages | 5,350 | | | 5,350 |
| of which residential properties | 5,350 | | | 5,350 |
| Total loans in financial year | 5,350 | 66,838 | 132 | 72,320 |
| Previous year | 5,404 | 54,501 | 131 | 60,036 |
| Off-balance sheet | | | | |
| Contingent liabilities | | 25,807 | 24 | 25,831 |
| Irrevocable commitments | | | 4,170 | 4,170 |
| Total off-balance sheet items | 0 | 25,807 | 4,194 | 30,001 |
| Previous year | 0 | 22,422 | 4,029 | 26,451 |

3.2 BREAKDOWN OF TRADING HOLDINGS INTO SECURITIES AND PRECIOUS METALS, FINANCIAL INVESTMENTS AND EQUITY INTERESTS

3.2.1 TRADING HOLDINGS IN SECURITIES AND PRECIOUS METALS

| in CHF 000 | Financial year | Previous year |
|--|----------------|---------------|
| Debt instruments | 175 | 1,032 |
| – listed | 175 | 1,032 |
| Fund units | 15 | 102 |
| Precious metals | 192 | 34 |
| Total trading holdings in securities and precious metals | 382 | 1,168 |
| of which securities eligible for use in repo transactions as per liquidity regulations | 0 | 0 |

3.2.2 FINANCIAL INVESTMENT

| in CHF 000 | Book value | | Fair value | |
|--|----------------|----------------|----------------|----------------|
| | Financial year | Previous year | Financial year | Previous year |
| Debt instruments | 709,942 | 783,243 | 736,106 | 794,943 |
| of which intended to be held to maturity | 709,942 | 783,243 | 736,106 | 794,943 |
| Precious metals | 1,859 | 1,894 | 1,859 | 1,894 |
| Total financial investments | 711,801 | 785,137 | 737,965 | 796,837 |
| of which securities eligible for use in repo transactions as per liquidity regulations | 278,867 | 327,790 | | |

3.2.3. EQUITY INTERESTS

| in CHF 000 | Financial year | Previous year |
|-------------------------------|----------------|---------------|
| without market value | 6,004 | 6,004 |
| Total equity interests | 6,004 | 6,004 |

3.3 DETAILS OF SIGNIFICANT EQUITY INTERESTS

| in CHF 000 | Financial year | | | Previous year |
|---|--------------------|---------------|--------|---------------|
| Company name and registered office | Operations | Share capital | % held | % held |
| Reported in the balance sheet under holdings: | | | | |
| IPConcept (Schweiz) AG, Zurich | Investment company | CHF 6,500 | 100 % | 100 % |

3.4 MOVEMENTS IN FIXED ASSETS

| in CHF 000 | Acquisition value | Total accumulated depreciation to Depreciation | Book value End of previous year | Reclassification | Investments | Divestments | Depreciations | Book value end financial year |
|-------------------------------|-------------------|--|---------------------------------|------------------|-------------|-------------|---------------|-------------------------------|
| Equity interests | | | | | | | | |
| Majority interests | 7,404 | -1,400 | 6,004 | 0 | 0 | 0 | 0 | 6,004 |
| Total equity interests | 7,404 | -1,400 | 6,004 | 0 | 0 | 0 | 0 | 6,004 |
| Tangible fixed assets | | | | | | | | |
| Property | | | | | | | | |
| - Bank buildings | | | 0 | | | | | 0 |
| Leasehold improvements | 5,702 | -5,513 | 189 | 0 | 0 | 0 | -112 | 77 |
| Other tangible fixed assets | 3,537 | -3,312 | 225 | 0 | 0 | 0 | -92 | 133 |
| Other (intangible assets) | 13,886 | -9,733 | 4,153 | 0 | 956 | 0 | -1,948 | 3,161 |
| Total fixed assets | 23,125 | -18,558 | 4,567 | 0 | 956 | 0 | -2,152 | 3,371 |

Additional details in relation to movements in fixed assets

| | Financial year |
|---|----------------|
| Fire insurance value of other tangible fixed assets | 5,200 |
| Liabilities: future operating lease payments | 14 |

3.5 OTHER ASSETS AND OTHER LIABILITIES

| in CHF 000 | Financial year | | Previous year | |
|---|----------------|-------------------|---------------|-------------------|
| | Other assets | Other liabilities | Other assets | Other liabilities |
| Replacement values from derivative financial instruments | | | | |
| Contracts as proprietary trader | | | | |
| - Trading holdings | 4,597 | 4,003 | 2,100 | 1,792 |
| - Balance sheet structure management (hedging) | 0 | 9,527 | 581 | 1,799 |
| Adjustment account | 8,192 | 0 | 366 | 0 |
| Other | 2,042 | 5,387 | 8,808 | 8,210 |
| Total other assets and liabilities | 14,831 | 18,917 | 11,855 | 11,801 |

3.6 ASSETS PLEDGED OR ASSIGNED AS SECURITY FOR THE BANK'S OWN LIABILITIES AND ASSETS SUBJECT TO RESERVATION OF TITLE

3.6.1 PLEDGED ASSETS

| in CHF 000 | Financial year | | Previous year | |
|-----------------------------|----------------|---------------------|---------------|---------------------|
| | Book value | of which drawn upon | Book value | of which drawn upon |
| Assets pledged | | | | |
| Due from banks | 13,100 | 13,100 | 8,100 | 8,100 |
| Financial assets | 24,050 | 650 | 20,870 | 394 |
| Total assets pledged | 37,150 | 13,750 | 28,970 | 8,494 |

3.6.2 SECURITIES LENDING AND REPO AGREEMENTS

| in CHF 000 | Financial year | Previous year |
|---|----------------|---------------|
| Securities lending and repo agreements | | |
| Book value of receivables from reverse repurchase transactions | | 50,000 |
| of which with DZ BANK Group | | 50,000 |
| Book value of liabilities from reverse repurchase transactions | | 160,698 |
| of which with DZ BANK Group | | 160,698 |
| Book value of liabilities from the Bank's own securities transferred under repurchase transactions ¹ | | 111,880 |
| of which those granted an unrestricted right of onward sale or pledge | | 111,880 |
| Fair value of securities received through reverse repurchase transactions | | 50,169 |
| of which those granted an unrestricted right of onward sale or pledge | | 50,169 |

¹ This value is lower than the value of the liabilities as it also includes securities from reverse repo transactions.

3.7 INFORMATION ON PENSION ARRANGEMENTS

Retirement age is generally 64 for women and 65 for men. Policyholders are given the opportunity to take early retirement from the age of 58, subject to a reduction in their pension.

In its statutory individual financial statement, as permitted by FINMA Circular 2008/2, the Bank will not report any future commercial benefit in its assets, particularly in relation to existing employer-contribution reserves

The following tabular presentation is provided as required by the accounting regulations (FINMA Circular 2008/2):

Commercial benefit/commercial liabilities and pension expense

| Employer contribution reserve (AGBR) in CHF 000 | Nominal value | Waiver of usage | Valuation adjustment and discount | Balance sheet | | AGBR result in personnel expense | |
|---|----------------|-----------------|-----------------------------------|----------------|---------------|----------------------------------|---------------|
| | Financial year | Financial year | | Financial year | Previous year | Financial year | Previous year |
| Collective foundation (BVG) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Commercial benefit in CHF 000 | Surplus/shortfall | Portion attributable to Bank | | Effect on the income statement change | Accruals/deferred income | Pension expense | |
|-------------------------------|-------------------|------------------------------|---------------|---------------------------------------|--------------------------|-----------------|---------------|
| | Financial year | Financial year | Previous year | | Financial year | Financial year | Previous year |
| Collective foundation (BVG) | 0 | 0 | 0 | 0 | 0 | 2,717 | 368 |

3.8 OUTSTANDING BOND LOANS

There are no outstanding bond loans.

3.9 VALUE ADJUSTMENTS, PROVISIONS AND RESERVES FOR GENERAL BANKING RISKS

| in CHF 000 | Balance at end of previous year | Usage in accordance with specified purpose | Change of intended purpose (reposting) | Recoveries, doubtful interest, currency translation differences | New provisions charged to the income statement | Release to income statement | Balance at end of financial year |
|--|---------------------------------|--|--|---|--|-----------------------------|----------------------------------|
| Provision for deferred taxes | | | | | | | |
| Value adjustments and provisions for default risks (del credere and country risks) | 3,336 | -2,659 | -618 | -59 | | | 0 |
| Value adjustments and provisions for other business risks | 170 | | | | 800 | | 970 |
| Restructuring provisions | 0 | | | | 760 | | 760 |
| Other provisions | 9,786 | -1,718 | 618 | | 500 | -1,315 | 7,871 |
| Total value adjustments and provisions | 13,292 | -4,377 | 0 | -59 | 2,060 | -1,315 | 9,601 |
| less value adjustments directly offset against assets | 3,336 | | | | | | 0 |
| Total value adjustments and provisions as per balance sheet | 9,956 | | | | | | 9,601 |
| Reserves for general banking risks¹ | 19,300 | | | | | -500 | 18,800 |

¹ The reserves for general banking risks are taxed.

DZ PRIVATBANK (Schweiz) AG can, in the ordinary course of business, be involved in different legal proceedings. Reserves are built for legal proceedings and associated obligations and expenses, provided that relevant cash outflows are likely and that their amount can be reliably determined.

Increasing regulation of cross-border financial services transactions also requires adjustments to the previous cross-border business model. The Bank has also built up reserves for possible risks arising in this regard.

3.10 SHARE CAPITAL AND SHAREHOLDERS WITH HOLDINGS OF MORE THAN 5 % OF TOTAL VOTING RIGHTS

| Equity in CHF 000 | Financial year | | | Previous year | | |
|----------------------|------------------------|-----------------|-----------------------------|------------------------|-----------------|-----------------------------|
| | Total nominal value | Number of units | Dividend bearing capital | Total nominal value | Number of units | Dividend bearing capital |
| Share capital | 100,000 | 20,000 | 100,000 | 100,000 | 20,000 | 100,000 |

Significant shareholders and groups of shareholders with voting rights in CHF 000

| With voting rights | Financial year | | Previous year | |
|--|----------------|--------------|----------------|--------------|
| | Nominal | Share in % | Nominal | Share in % |
| DZ PRIVATBANK S. A., Strassen (Luxembourg) | 100,000 | 100 % | 100,000 | 100 % |
| qualified participants of DZ PRIVATBANK S. A. | | | | |
| – 70.04 % DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (Germany) | | | | |
| – 19.04 % WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf (Germany) | | | | |

3.11 STATEMENT OF EQUITY CAPITAL

Equity capital at start of year in CHF 000

| | |
|--|----------------|
| Paid-in share capital | 100,000 |
| Statutory reserve | 90,200 |
| Other reserves | 14,000 |
| Reserves for general banking risks | 19,300 |
| Distributable profit | 6,676 |
| Total equity capital at start of year (before distribution of profit) | 230,176 |
| +/- other allocations/withdrawals from the reserves | -500 |
| + Net annual profit for financial year | 622 |
| Total equity capital at end of year (before distribution of profit) | 230,298 |
| incl.: | |
| Paid-in share capital | 100,000 |
| Statutory reserve | 90,200 |
| Other reserves | 14,000 |
| Reserves for general banking risks | 18,800 |
| Distributable profit | 7,298 |

3.12 MATURITY STRUCTURE OF CURRENT ASSETS AND THIRD PARTY LIABILITIES

| | On demand | At notice | Maturity date | | | | Total |
|--|------------------|---------------|---------------------|-----------------------------|----------------------|----------------|------------------|
| | | | Due within 3 months | Due between 3 and 12 months | Due within 1–5 years | After 5 years | |
| in CHF 000 | | | | | | | |
| Current assets | | | | | | | |
| Liquid funds | 446,713 | | | | | | 446,713 |
| Due from money-market papers issued | 1 | | | | | | 1 |
| Due from banks | 110,193 | | | 50,000 | | | 160,193 |
| Due from clients | | 28,075 | 21,374 | 9,505 | 6,476 | 1,540 | 66,970 |
| Mortgages | | | 3,900 | | 1,450 | | 5,350 |
| Trading holdings in securities and precious metals | 382 | | | | | | 382 |
| Financial assets | 1,859 | | 38,365 | 22,012 | 477,990 | 171,575 | 711,801 |
| Total current assets in financial year | 559,148 | 28,075 | 63,639 | 81,517 | 485,916 | 173,115 | 1,391,410 |
| Previous year | 361,794 | 20,037 | 155,755 | 361,201 | 451,122 | 165,589 | 1,515,498 |
| Debt capital | | | | | | | |
| Due to money-market papers issued | 544 | | | | | | 544 |
| Due to banks | 59,021 | 13,173 | 7,510 | | | | 79,704 |
| Other amounts due to clients | 1,044,827 | 23,152 | 462 | 2,121 | | | 1,070,562 |
| Total third party liabilities in financial year | 1,104,392 | 36,325 | 7,972 | 2,121 | 0 | 0 | 1,150,810 |
| Previous year | 982,141 | 38,602 | 251,097 | 3,192 | 0 | 0 | 1,275,032 |

Fixed interest-bearing receivables and securities were partially hedged against the risk of interest rate movements with interest rate swaps, to the extent that they were not refinanced with the Bank's own funds.

3.13 AMOUNTS DUE FROM AND TO ASSOCIATED COMPANIES AND LOANS GRANTED TO GOVERNING BODIES

| in CHF 000 | Financial year | Previous year |
|-------------------------------|----------------|---------------|
| Due from associated companies | 3,538 | 3,013 |
| Due to associated companies | 338 | 206 |

Governing bodies comprise members of the governing body for the supervision, monitoring and control (Board of Directors), the executive management, the statutory auditors in terms of company law and any companies they control.

Significant transactions with related parties

Staff terms apply to transactions with members of the Executive Board (such as securities transactions and allowances on capital contributions). Transactions with other related parties are subject to the same terms as those applying to third parties.

3.14 ANALYSIS OF DOMESTIC AND FOREIGN ASSETS AND LIABILITIES

| in CHF 000 | Financial year | | Previous year | |
|--|----------------|------------------|----------------|------------------|
| | Domestic | Foreign | Domestic | Foreign |
| Assets | | | | |
| Liquid funds | 446,713 | | 275,117 | |
| Due from money-market papers issued | 1 | | 1 | |
| Due from banks | 129,912 | 30,281 | 100,921 | 293,118 |
| Due from clients | 4,041 | 62,929 | 4,681 | 49,955 |
| Mortgages | 5,350 | | 5,400 | |
| Trading holdings in securities and precious metals | 195 | 187 | 33 | 1,135 |
| Financial assets | 27,854 | 683,947 | 28,221 | 756,916 |
| Equity interests | 6,004 | | 6,004 | |
| Tangible fixed assets | 3,371 | | 4,567 | |
| Prepayments and accrued income | 8,761 | 4,905 | 5,281 | 5,533 |
| Other assets | 12,770 | 2,061 | 9,924 | 1,931 |
| Total assets | 644,972 | 784,310 | 440,150 | 1,108,588 |
| Liabilities | | | | |
| Due to money-market papers issued | 544 | | 6,537 | |
| Due to banks | 13,800 | 65,904 | 12,278 | 268,972 |
| Other amounts due to clients | 134,433 | 936,129 | 143,230 | 844,015 |
| Prepayments and accrued income | 18,305 | 1,351 | 20,875 | 898 |
| Other liabilities | 5,891 | 13,026 | 9,192 | 2,609 |
| Value adjustments and provisions | 9,601 | | 9,956 | |
| Reserves for general banking risks | 18,800 | | 19,300 | |
| Share capital | 100,000 | | 100,000 | |
| Statutory reserve | 90,200 | | 90,200 | |
| Other reserves | 14,000 | | 14,000 | |
| Profits carried forward | 6,676 | | 4,073 | |
| Net annual profit | 622 | | 2,603 | |
| Total liabilities | 412,872 | 1,016,410 | 432,244 | 1,116,494 |

3.15 ASSETS BY COUNTRY/GROUPS OF COUNTRIES

| in CHF 000 | Financial year | | Previous year | |
|----------------------------|------------------|--------------|------------------|---------------|
| | Absolute | Share in % | Absolute | Share in % |
| Europe | | | | |
| – Switzerland | 644,972 | 45.1 % | 440,150 | 28.4 % |
| – Other European countries | 566,443 | 39.7 % | 853,539 | 55.1 % |
| North America | 100,657 | 7.0 % | 157,929 | 10.2 % |
| Australia/Oceania | 81,594 | 5.7 % | 73,187 | 4.7 % |
| Asia | 6,563 | 0.5 % | 5,117 | 0.3 % |
| Other | 29,053 | 2.0 % | 18,816 | 1.2 % |
| Total assets | 1,429,282 | 100 % | 1,548,738 | 100 % |

3.16 BALANCE SHEET BROKEN DOWN BY COUNTRY

| | CHF | EUR | USD | Other | Precious metals | Total |
|---|----------------|----------------|----------------|---------------|-----------------|------------------|
| in CHF 000 | | | | | | |
| Assets | | | | | | |
| Liquid funds | 439,345 | 7,022 | 329 | 17 | | 446,713 |
| Due from money-market papers issued | | | | 1 | | 1 |
| Due from banks | 66,631 | 10,557 | 5,861 | 21,743 | 55,401 | 160,193 |
| Due from clients | 17,281 | 19,565 | 16,882 | 13,242 | | 66,970 |
| Mortgages | 5,350 | | | | | 5,350 |
| Trading holdings in securities and precious metals | 192 | 22 | | 168 | | 382 |
| Financial assets | 117,339 | 481,059 | 99,320 | 12,224 | 1,859 | 711,801 |
| Equity interests | 6,004 | | | | | 6,004 |
| Tangible fixed assets | 3,371 | | | | | 3,371 |
| Prepayments and accrued income | 6,434 | 6,808 | 359 | 65 | | 13,666 |
| Other assets | 14,398 | 433 | | | | 14,831 |
| Total balance sheet assets | 676,345 | 525,466 | 122,751 | 47,460 | 57,260 | 1,429,282 |
| Delivery commitments arising from foreign-exchange spot and forward option transactions | 10,610 | 144,397 | 105,222 | 30,849 | 2,017 | 293,095 |
| Total assets | 686,955 | 669,863 | 227,973 | 78,309 | 59,277 | 1,722,377 |
| Liabilities | | | | | | |
| Due to money-market papers issued | 1 | 60 | 483 | | | 544 |
| Due to banks | 327 | 67,145 | 4,480 | 7,752 | | 79,704 |
| Other amounts due to clients | 241,360 | 565,678 | 175,311 | 30,817 | 57,396 | 1,070,562 |
| Prepayments and accrued income | 12,548 | 6,914 | 183 | 11 | | 19,656 |
| Other liabilities | 18,190 | 727 | | | | 18,917 |
| Value adjustments and provisions | 9,601 | | | | | 9,601 |
| Reserves for general banking risks | 18,800 | | | | | 18,800 |
| Share capital | 100,000 | | | | | 100,000 |
| Statutory reserve | 90,200 | | | | | 90,200 |
| Other reserves | 14,000 | | | | | 14,000 |
| Profits carried forward | 6,676 | | | | | 6,676 |
| Net annual profit | 622 | | | | | 622 |
| Total balance sheet liabilities | 512,325 | 640,524 | 180,457 | 38,580 | 57,396 | 1,429,282 |
| Delivery obligations arising from foreign-exchange spot and forward option transactions | 174,204 | 29,355 | 47,621 | 39,305 | 2,017 | 292,502 |
| Total liabilities | 686,529 | 669,879 | 228,078 | 77,885 | 59,413 | 1,721,784 |
| Net position per currency | 426 | -16 | -105 | 424 | -136 | 593 |

4. INFORMATION ON OFF-BALANCE SHEET OPERATIONS

4.1 CONTINGENT LIABILITIES

| in CHF 000 | Financial year | Previous year |
|-------------------------------------|----------------|---------------|
| Guarantees to secure credits | 25,831 | 22,447 |
| Total contingent liabilities | 25,831 | 22,447 |

VAT liability from group taxation

DZ PRIVATBANK (Schweiz) AG and IPConcept (Schweiz) AG constitute a value added tax group. They are therefore jointly and severally liable to the Swiss Federal Tax Administration for sums due from that value added tax group.

4.2 CREDIT GUARANTEES

There are no credit guarantees.

4.3 DERIVATIVE INSTRUMENTS OUTSTANDING

| in CHF 000 | Trading instruments | | | Hedging instruments | | |
|--|-----------------------------|-----------------------------|------------------|-----------------------------|-----------------------------|------------------|
| | Positive replacement values | Negative replacement values | Contract volumes | Positive replacement values | Negative replacement values | Contract volumes |
| Interest rate instruments | | | | | | |
| Swaps | | | | | 9,527 | 142,570 |
| Foreign exchange/precious metals | | | | | | |
| Futures contracts | 4,597 | 4,003 | 293,095 | | | |
| Financial year's total outstanding derivative instruments | 4,597 | 4,003 | 293,095 | 0 | 9,527 | 142,570 |
| Previous year | 2,100 | 1,792 | 232,206 | 581 | 1,799 | 102,915 |

There are no netting contracts.

4.4 FIDUCIARY TRANSACTIONS

| in CHF 000 | Financial year | Previous year |
|--|----------------|---------------|
| Fiduciary placements with other banks | 2,489 | 456 |
| Fiduciary placements with Group and associated banks | 50,394 | 42,726 |
| Total fiduciary transactions | 52,883 | 43,182 |

4.5 CLIENT ASSETS

| in CHF million | Financial year | Previous year |
|---|----------------|---------------|
| Type of assets | | |
| Assets in self-managed collective investment funds | 638 | 677 |
| Assets with management mandate | 3,905 | 3,048 |
| Other assets managed | 2,950 | 2,867 |
| Total assets under management (including duplications) | 7,493 | 6,592 |
| of which duplications | 636 | 675 |
| Assets under custody | 790 | 0 |
| Total client assets | 8,283 | 6,592 |
| Net inflow/outflow of new funds (incl. duplications) | 684 | 339 |

Assets under management are reported in accordance with the guidelines on accounting rules of the Swiss Financial Market Supervisory Authority, covering all assets managed or held for investment purposes. Assets under custody, i.e. assets held purely for the purposes of transactions and safekeeping, are not included and are accounted for separately.

The net inflow/outflow of new funds relates to assets under management and results from the transactions which have been carried out by the clients. Interest, commission and expenses charged to clients are therefore not included.

5. INFORMATION ON THE INCOME STATEMENT

5.1 INFORMATION ON SIGNIFICANT REFINANCING INCOME IN THE INTEREST AND DISCOUNT ITEM

Interest and discount income is not credited with any refinancing costs for trading operations.

5.2 INCOME FROM TRADING ACTIVITIES

| in CHF 000 | Financial year | Previous year |
|---|----------------|---------------|
| Foreign exchange and current trading | 4,139 | 3,469 |
| Securities trading | 32 | 14 |
| Precious metals trading | 12 | -35 |
| Total income from trading activities | 4,183 | 3,448 |

5.3 PERSONNEL EXPENSES

| in CHF 000 | Financial year | Previous year |
|---|----------------|---------------|
| Salaries and bonuses, compensation to bank authorities | 29,356 | 29,278 |
| Old-age and surviving dependants' insurance (AHV), disability insurance (IV), unemployment insurance (ALV) and other social security payments | 2,254 | 2,339 |
| Personnel welfare institutions | 2,717 | 368 |
| Other personnel expenses | 572 | 378 |
| Total personnel expenses | 34,899 | 32,363 |

¹ Employer contribution reserves totalling almost CHF 2,355,000 were released in the previous year.

5.4 GENERAL ADMINISTRATIVE EXPENSE

| in CHF 000 | Financial year | Previous year |
|--|----------------|---------------|
| Premises | 4,381 | 4,380 |
| IT, equipment, furniture, vehicles and other equipment | 6,110 | 6,131 |
| Other business expenses | 12,620 | 10,545 |
| Total general administrative expenses | 23,111 | 21,056 |

5.5 EXPLANATORY NOTES ON SIGNIFICANT LOSSES, EXTRAORDINARY INCOME AND EXPENSES, SIGNIFICANT RELEASES FROM UNDISCLOSED RESERVES, RESERVES FOR GENERAL BANKING RISKS AND RELEASED VALUE ADJUSTMENTS AND PROVISIONS

| in CHF 000 | Financial year | Previous year |
|---|----------------|---------------|
| Extraordinary income | 1,819 | 3,830 |
| – Release of undisclosed reserves into value adjustments and provisions | 1,315 | 3,801 |
| – Release of reserves for general banking risks | 500 | 0 |
| – Other extraordinary income | 4 | 29 |

The release of undisclosed reserves during the reporting year related to the creation of value adjustments and provisions for other business risks.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF DZ PRIVATBANK (SCHWEIZ) AG, ZÜRICH

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

Zurich, 19 February 2015

As statutory auditor, we have audited the financial statements of DZ PRIVATBANK (Schweiz) AG, which comprise the balance sheet, income statement, cash flow statement and Notes (pages 10–28) for the financial year ended 31 December 2014.

RESPONSIBILITY OF THE BOARD OF DIRECTORS

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.

RESPONSIBILITIES OF THE AUDITOR

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 relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of significant material misstatement in 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.

AUDITOR'S 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 Code of Obligations (CO) and article 11 AOA), and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors. We 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 AG

Patrick Schwaller
Certified audit expert
(Lead auditor)

Jan Streit
Certified audit expert

COMMITTEES

BOARD OF DIRECTORS

LARS HILLE

CHAIRMAN

Member of the Board of Management
DZ BANK AG Deutsche
Zentral-Genossenschaftsbank,
Frankfurt am Main, Germany

KARL-HEINZ MOLL

VICE-CHAIRMAN

Member of the Board of Management
WGZ BANK AG
Westdeutsche Genossenschafts-Zentralbank,
Düsseldorf, Germany

DR HEINZ WASER

VICE-CHAIRMAN

Member of the Executive Board of
Foundation Council
Kinderspital Zürich

RICHARD MANGER

Member of the Board of Management
DZ PRIVATBANK S. A.,
Strassen, Luxembourg

DR STEFAN SCHWAB

Chairman of the Board of Management
DZ PRIVATBANK S. A.,
Strassen, Luxembourg

PROF. DR ROBERT WALDBURGER

Professor of Tax Law and
Director of the Institute for Finance and Tax Law
at the University of St Gallen

EXECUTIVE BOARD

DR MARION PESTER

Chairman

(until 31 January 2015)

KLAUS-PETER BRÄUER

Member

(since 1 June 2014)

DR FRANZ GEORG BRUNE

Member

(until 30 April 2014)

FELIX KIRSCHNER

Member

DIVISIONS

PRIVATE BANKING SOUTH

Reinhard Eckl

PRIVATE BANKING NORTH

Dr Christoph Geiseler

PRIVATE BANKING INTERNATIONAL

Dr Rolando Zanutelli

PRODUCT & PORTFOLIO MANAGEMENT

Dr Davorin Haller

TREASURY

Olivier Schmid

FINANCE

Erich Hegner

SALES MANAGEMENT – PRIVATE BANKING SALES

SUPPORT

Dr Armin Schuster

OPERATIONS

Peter Marty

IT/SERVICES

Burkhard Kapferer
(until 31 January 2015)

INTERNAL AUDIT

Axel Rau
(from 1 February 2015)

Urs Galli
(until 31 January 2015)

DESIGN AND LAYOUT

MEHR⁺

Kommunikationsgesellschaft mbH,
Düsseldorf, Germany

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DZ PRIVATBANK S. A. is a member of the protection scheme of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks].
For further information see www.bvr.de/se

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04/2015