Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

LUXEMBURG

SCHWEIZLUXEMBURG

SCHWEIZ

SWITZERLAND

FINANCIAL STATEMENTS AND OPERATIONS REPORT – 2011

DZ PRIVATBANK

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EXECUTIVE BOARD INTRODUCTION

DEAR SIR OR MADAM,

We can look back on 2011 as an eventful and challenging year. The European sovereign debt crisis had the world on tenterhooks and caused an unprecedented rise in the Swiss franc which could only be stopped by a specific intervention by the Swiss National Bank in the form of a minimum level of the exchange rate. In addition there were political debates concerning the deposits made by foreign clients, principally from the USA. All these factors had a very noticeable effect on the Zurich stock market. Although the foundations of typical Swiss continuity and stability stood firm, compromises and business losses were unavoidable.

In this extremely challenging environment, DZ PRIVATBANK (Schweiz) AG stood strong and we are proud of this. We were therefore able to report a net annual profit of CHF 12.1 million. Our bank was able to confirm and consolidate its position within the new DZ PRIVATBANK. Even in times of the euro crisis the Swiss financial market is and remains an important part of the new private banking strategy for the German cooperative financial network.

The challenges for 2012 will be no less. First and foremost the expense to implement regulatory and legal requirements will remain high. This includes the Foreign Account Tax Compliance Act (FATCA) and the implementation of the agreement between Switzerland and Germany on a flat-rate withholding tax. Swiss Banking stands for international focus, capital market expertise and quality services, coupled with Switzerland's high level of economic and political stability. This has a positive effect on both the financial markets and the chosen path of the strategic private banking market initiative. The teamwork with the various locations in Germany, Luxembourg and Singapore has already yielded initial successes. As part of DZ PRIVATBANK we look forward to once again being intensely involved in the success of the cooperative banks in the private banking segment.

Dr Marion Pester   Dr Franz Georg Brune   Felix Kirschner

BOARD OF DIRECTORS' REPORT

Upon the merger of WGZ BANK Luxembourg S.A. and DZ PB S.A. into DZ PRIVATBANK S.A. on 9 June 2011, DZ PRIVATBANK S.A. acquired all the shares of DZ PRIVATBANK (Schweiz) AG. The Board of Directors advised and supervised the Executive Board in accordance with legal requirements and the provisions of the articles of incorporation and decided about transactions presented for their approval.

COOPERATION WITH EXECUTIVE BOARD

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 Bank, as well as on the general course of business. Furthermore, the Executive Board informed the Board of Directors on a regular basis of the current operations and future business policy, including the strategic and organisational direction of DZ PRIVATBANK (Schweiz) AG. The commercial position of the bank, corporate planning and outlook, as well as key financial data, were highlighted in the reporting. A particular point of discussion among the Board of Directors was the role of DZ PRIVATBANK (Schweiz) AG in the new DZ PRIVATBANK and the steps taken to create a uniform cooperative private banking offer for all German cooperative banks for the first time. The Board of Directors examined the risk position of the bank and the further development of the systems and procedures to control operational, market and credit/guarantee risks, as well as other important risks typical in the banking industry.

STATEMENT OF THE ANNUAL FINANCIAL STATEMENTS

The Board of Directors approved the annual financial statements and received the auditors' report submitted by Ernst & Young AG. A representative of the auditor was present at the Board of Directors meeting in 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 unrestricted report.

The Board of Directors thanks the Executive Board and all the employees of
DZ PRIVATBANK (Schweiz) AG for their work in 2011.

Zurich, 16 February 2012

Lars Hille
Chairman

OPERATIONS REPORT

INCOME DEVELOPMENT

The 2011 financial year was characterised by turbulence on the international financial and capital markets. This had effects on the results of DZ PRIVATBANK (Schweiz) AG, particularly also due to the exceptional EUR/CHF currency effects, mostly on the commission business, which at CHF 45.5 million was around 15 % below the previous year's figure of CHF 53.4 million. Net interest income amounted to

» THE 2011 FINANCIAL YEAR WAS CHARACTERISED BY TURBULENCE ON THE INTERNATIONAL FINANCIAL AND CAPITAL MARKETS.

CHF 17.6 million (previous year CHF 20.6 million), which was primarily attributable to the reduction of financial assets in line with strategy. The average fund volume amounted to CHF 779 million in the reporting year compared with CHF 1.1 billion in the previous year. On the balance sheet date, financial assets amounted to CHF 802 million compared with CHF 843 billion in the previous year. Income from trading activities amounted to CHF 4.6 million. As this activity almost exclusively comprises customer-led transactions, there was a drop compared with the previous year's figure of CHF 5.9 million due to the well-known market position and the decline in transactions and revenues. The Bank did not have a proprietary-trading book of any significance as at the reporting date.

Other ordinary income amounted to CHF 2.5 million (previous year: CHF 0.9 million). The rise was attributable to foreign exchange related service adjustments within DZ PRIVATBANK.

Gross income amounted to CHF 70.3 million compared with CHF 80.8 million in the previous year. Operating expenses (personnel and general administrative expenditure) totalling CHF 52.6 million were around 12 % below the previous year's level of CHF 59.8 million.

DZ PRIVATBANK (Schweiz) AG therefore closed 2011 with a gross operating profit of CHF 17.7 million (previous year CHF 21.0 million). After taking into consideration the "Depreciation of fixed assets", "Value adjustments, provisions and losses", "Extraordinary income" and "Taxes" items, the net annual profit was CHF 12.1 million (previous year CHF 13.3 million). DZ PRIVATBANK (Schweiz) AG's business strategy, with its clear focus on the core activity of private banking, once again proved its worth under the difficult circumstances in 2011. Around 24,000 clients accounting for CHF 5.9 billion of assets under management place their trust in the services of DZ PRIVATBANK (Schweiz) AG. An asset management ratio averaging 40 % accentuates the high degree of acceptance of our asset management products and services. Against this background, during 2011 we took over management responsibility for the fund management activities of

» CLEAR FOCUS ON THE CORE PRIVATE BANKING BUSINESS ONCE AGAIN PROVED EFFECTIVE IN 2011.

swiss rubinum and restructured the market presence of this investment solution.

Our partner banks particularly benefited from our success. Commission expenses, which reflect the benefits to partner banks of their association with us, stood at CHF 18.0 million at the end of 2011 (previous year: CHF 22.7 million). It will in future remain our primary goal to reward the marketing services delivered by our partner banks in line with their performance and the benefit to ourselves.

The balance sheet total rose, particularly due to the rise in lending to banks, by CHF 218.8 million to CHF 1,407 billion (previous year CHF 1,189 billion).

RECEIVABLES FROM BANKS AND CLIENTS

Amounts receivable from banks rose to CHF 438.3 million compared with CHF 163.8 billion in the previous year. Amounts receivable from clients amounted to CHF 107.8 million compared with CHF 118.1 million in the previous year. The Bank focuses here entirely on lending activities associated with the private client business, especially on advancing loans against assets. Customary lending and diversification criteria apply. Internal and external credit limits and advances are monitored daily. There were no significant defaults or forced sales, even at times of above-average volatility due to the position on the financial markets.

LIABILITIES TO BANKS AND CLIENTS

Liabilities to banks rose by CHF 183.1 million to CHF 486.7 million compared to the previous year (CHF 303.6 million), primarily owing to repo and money-market transactions with the DZ BANK Group and the Swiss National Bank for refinancing assets. The remaining liabilities to clients of CHF 658.5 million rose slightly compared with the previous year's level (CHF 625.3 million).

CONTINGENT LIABILITIES AND FIDUCIARY ACTIVITIES

At CHF 7.4 million, contingent liabilities increased compared to the previous year (CHF 6.0 million). Fiduciary transactions on behalf of our clients rose to CHF 203.7 million compared with CHF 165.3 billion in the previous year.

OWN INVESTMENTS (TRADING POSITIONS AND FINANCIAL INVESTMENTS IN SECURITIES AND PRECIOUS METALS)

The securities are almost exclusively bank bonds, with strict credit-rating requirements applied in their selection. Own investments on the year end date amounted to CHF 803.8 million in the reporting year compared with CHF 847.8 million in the previous year. Positions are monitored on an ongoing basis in close consultation with the DZ BANK S. A. As a precaution, a risk provision was created for two financial investments.

RISK MANAGEMENT

The Board of Directors defines the Bank's risk policy and the associated framework for its implementation. The risk policy of DZ PRIVATBANK (Schweiz) AG was most recently confirmed by the Board of Directors at its meeting in September 2011 in connection with the implementation of FINMA Circular 2008/24 (Monitoring and Internal Control of Banks).

In the risk management process, we differentiate between counterparty risk (unexpected default of counterparties and borrowers), market risks (unexpected change of market prices or parameters which influence prices), liquidity risks, operational risks (unexpected losses in connection with the operating systems and processes as well as contractual and legal agreements and framework conditions), investment risks as well as strategy and reputational risks. The Controlling/Risk department is responsible for ongoing and systematically supported monitoring of counterparty risk and market risk. Liquidity risks are monitored and managed as required by banking legislation using simulated scenarios. The method for measuring and monitoring these operational risks ensures close integration into the management and control of operational risks within the DZ BANK Group. Associated procedural organisational measures, such as an internal control system, a system of directives, reporting, contingency plans and preventive measures, have been put in place to prevent operational risks. The Compliance unit ensures that business activities are compliant with the applicable regulations and the duty of care of a financial intermediary. A Data Protection Officer is responsible for adherence to the data protection rules. The strategic goals are regularly reviewed by the committees in consultation with the DZ PRIVATBANK Group. Committees such as the Risk Control Committee, the Committee for Integrated Security and the Treasury Committee, all of which meet regularly and comprise members from relevant divisions, complete the Bank's risk-management arrangements. The Board of Directors, Executive Board and management are regularly informed of the Bank's net assets, financial position, liquidity and results of operations – and also of potential risks – by means of an appropriate management information system.

Alongside currency and equity price risks, interest-rate risk constitutes a major market risk. This is assessed daily and quantified using NPV simulations and model calculations. Suitable measures are taken to actively manage and, if necessary, hedge interest-rate risk. On the instructions of the Board of Directors, the Internal Audit department also monitors and reports on the material and formal correctness of operational and business processes and of the internal control system. In addition to the Bank's own legal and tax specialists, external specialists are consulted to assess legal risks.

DZ PRIVATBANK Schweiz is also included as a control unit in the integrated risk and capital control system of the DZ BANK Group. The limits assigned in this context (maximum loss limits) have to be constantly monitored and adhered to.

Appropriate provision was made for all latent and identifiable risks.

PRIVATE BANKING

Divided regionally into North and South Germany, the Private Banking division supports clients of the German cooperative financial network. There is also a Private Banking International division, which is dedicated to the support of other primarily European and Swiss clients as well as market development, together with cooperation partners from within the DZ BANK Group. Client services advisors of the 'SwissTrading' unit advise institutional clients and frequently-trading clients in line with their individual requirements.

» THE STRUCTURES GUARANTEE CLEARLY IDENTIFIABLE CONTACTS AND NON-OVERLAPPING SUPPORT PROCESSES.

Teams made up of client advisers from our partner bank branches in Germany. The structures within the DZ PRIVATBANK Group guarantee clearly identifiable contacts and non-overlapping support processes. Teams made up of client advisers from the local cooperative bank and the DZ PRIVATBANK Group are in charge of joint marketing as well as specialists from Luxembourg and Switzerland.

REPRESENTATIVE OFFICE IN DÜSSELDORF

Cooperation with our partner banks in the Rhineland and Westphalia was again successful in 2011. The representative office of DZ PRIVATBANK (Schweiz) AG is being closed due to the transfer of the regional private banking activities to the new Düsseldorf branch.

PORTFOLIO MANAGEMENT AND INVESTMENT SOLUTIONS

Events on the international equity markets in 2011 were marked by considerable shocks and crises, after what had initially been primarily positive economic expectations. The initial encouraging growth prospects resulted in

» EVENTS ON THE INTERNATIONAL EQUITIES MARKETS WERE CHARACTERISED BY SHOCKS AND CRISES DURING 2011.

share prices in the leading industrial nations rising, in view of the expected sustainable economic upturn across the board. The start of the year saw only a moderate price movement in the emerging markets In the background lay emerging concerns that the countries which had initiated tightening of monetary policy could damage the economy and the development of coporate gains. The natural disaster in Japan in March and the subsequent nuclear crisis led to a worldwide retreat from risk investments. Prices on the global stock markets were put under substantial pressure. As the extent of the economic consequences of the catastrophe soon proved to be exaggerated, share prices quickly resumed their upward trajectory. The end of the second quarter saw investor moods darken once again. The intensification of the European debt crisis and rising growth concerns were reflected in sharp falls in share prices on the global stock markets. Fears emerged that the increasingly clear need to reschedule Greek debt could result in considerable losses for the European banking sector and business lenders and therefore considerably impair growth. In addition, given the disappointingly poor economic data, American economic prospects were judged considerably more critically. The continued tightening of monetary policy in the emerging markets and particularly in China also raised doubts as to whether Asia could keep functioning as the driving force behind the global economy. Further negative economic data eventually meant that country-specific growth forecasts were downgraded across the board. High inflation rates and very low interest rate levels in developing countries meant that the room for manoeuvre in monetary and fiscal policy reduced. Together with the high global national debt, this led to a time of great uncertainty. Tensions were heightened due to concerns that the European debt crisis could spill over into Italy and Spain. As a result, risk assets were sold off. Share prices collapsed over the globe.

Increased hopes that European politicians were putting sustainable measures in place to at least defuse the debt crisis, meant that at the end of the quarter, investors were in a better mood. Economic data coming out of the USA also proved to be helpful in calming fears of a recession. Investors' appetite for risk was once again whetted and share prices on the global markets recovered with pronounced fluctuations. The strong upward trend was bolstered by low income and net asset figures. Overall, share prices on the global markets measured against leading indexes were clearly down, despite the recovery in the fourth quarter.

At the beginning of the year, the upward trend in prices of important commodities continued. The increase in food prices was based on fears of a shortage due to a climate-related fall in global production. Low levels of supplies, speculative investments on future markets, as well as the initially positive growth forecasts and existing inflation fears also proved to be reasons for rising prices. On the other hand, the continuing unrest in the Arab world was responsible for the rise in prices of crude oil. Developments in Libya especially raised fears of a shortage problem. OPEC's pledge to compensate for the lack of productivity did not manage to ease fears on the crude oil markets. On the precious metal markets, price trends also fell at the beginning of the year due to common inflationary fears and the worry of an intensified European debt crisis.

» IT WAS PRIMARILY THE PRICES OF GOLD AND OIL WHICH SHOWED AN UPWARD TREND.

During the course of the year, there were conflicting trends. Negative economic data and the associated all-clear on the inflation front limited the interest in additional commodity investments. Demand was also impaired due to high collateral requirements for futures contracts. In order to avoid the resulting funding obligations, commodities were liquidated to a considerable extent. For example, the price for an ounce of silver at the beginning of May fell by 30 % in the space of a few days. Against the background of a more cloudy economic growth outlook, the downward trend in prices for commodities with fluctuations started at this point and lasted until the end of the year. It was primarily the prices of gold and oil which showed an upward trend during the year.

Developments on the international bond markets also witnessed a high level of volatility, given the various outside pressures and the continuing escalation of the European debt crisis. At the beginning of the year, government capital market yields, in view of the initially positive growth forecasts, increased the price of raw materials and associated inflation concerns. The yields on corporate bond also rose. However, positive economic expectations resulted in a narrowing of the yield differential between government and corporate bonds which, in absolute terms, was less pronounced.

During the 2nd quarter, capital market yields of the large industrial nations came under pressure in the light of increasing concerns about growth and a lessening of inflationary fears. The trend was increased by the expectation of a continuation of low base rates in the USA and the UK. The US Central Bank hinted at the end of April that the base rate would be kept at the same level until 2013. In contrast, due to the the belief in solid growth in the eurozone, the European Central Bank decided to raise the base rate twice by 25 basis points to 1.5 %. Despite these measures, long-term loans in the eurozone also saw a reduction in their yields. On the other hand, yields in the indebted European countries significantly increased. Doubts regarding the solvency of these countries resulted in the mass sell-off of their government bonds. In the emerging markets, the respective central banks maintained their course of a continually restrictive monetary policy. The increased pressure on prices owing to positive economic data and the increase in commodity prices caused the central banks to introduce further increases in key interest rates.

Many central banks further adjusted their monetary policy as a reaction to the continued downturn in the global climate in the 2nd half of the year. For example, under the leadership of its new President, Mario Draghi, the European Central Bank decided to lower the base rate in two stages by another 25 basis points to the record low level that was seen at the beginning of the year. The US central bank announced additional purchases of US loans with a duration of at least

6 years and, as a counter-move, to sell loans with a duration of under 3 years. The Bank of England increased its quantitative easing programme for British government bonds. The People's Bank of China also took the first steps to easing of monetary policy. Capital market yields in the leading industrial countries subsequently experienced considerable falls. On the other hand capital market yields in Italy and other EU peripheral countries climbed due to the increasing doubts about their creditworthiness, although with upward fluctuations.

By the end of the year, the European debt crisis had reached the core countries of the eurozone. This was against a background of doubt about the financial capability of the leading eurozone countries to guarantee billions of euros to stabilise the problem countries. These fears were heightened when ratings agency, Standard & Poor's, announced that the credit ratings of Germany, France, Finland, Austria and Luxembourg would be subject to close scrutiny. Capital market yields of the core countries subsequently crept up. Against this background we achieved a satisfactory performance for our management mandates both in absolute and relative terms adjusted for risks, and in comparison to our competitors. In traditional portfolios with the euro as the reference currency, performance ranging from +2.6 % (defensive) to +12.6 % (offensive) was achieved during the year under review, depending on their risk

» WE WERE PLEASED WITH THE PERFORMANCE OF OUR ASSET MANAGEMENT PORTFOLIOS.

profiles. Our capital protected mandates (2013 tranche: +0.7 %) and the swiss gold plus asset management concept at +5.0 % also developed well. Those of our clients who are managed by individual profiles also showed clear satisfaction with the value growth achieved over the course of the year.

PRODUCT AND PORTFOLIO MANAGEMENT

2011 will go down as the year of the implementation of the extended private banking services offer for cooperative private banking. For example, we initiated two services:

FOUNDATION MANAGEMENT

The foundation management services are divided into foundation consultancy and foundation administration. For foundation enquiries we also offer corresponding portfolio management services to manage foundation funds. Based on client requirements, we develop foundation concepts and investment guidelines in accordance with the applicable rules and support the formation process of legally independent foundations and trusts. Our foundation administration services offer expertise to established foundations as an experienced partner on all matters. Employing the principles of good foundation practices, we advise and help foundations to optimise their activities under the specific circumstances. Our portfolio of services also includes supporting fund raising and targeted public relations activities.

» 2011 WILL GO DOWN AS THE YEAR OF THE IMPLEMENTATION OF THE EXTENDED PRIVATE BANKING SERVICES OFFER.

REAL ESTATE MANAGEMENT

In our real estate services we act as a partner to our clients who have questions on how to achieve optimum coordination between the assets they invest in real estate and the management and performance of their other assets. Analysis, planning, steering and control render existing real estate investments transparent and allow our clients to achieve a balance between income and the associated risks. Portfolio optimisation ensures continuous value growth. The points of departure of the advisory service are always the individual requirements and aims of our clients. Clients can also arrange a consultation with us regarding structures, market research and administration for their existing real estate portfolios or properties to be acquired (e. g. holiday properties). We are therefore able to discuss a wide range of investment and management issues encompassing indirect and direct real estate investment and demonstrate business opportunities, including a personalised real estate strategy.

IPCONCEPT (SCHWEIZ) AG

The wholly-owned subsidiary Union Investment (Schweiz) AG has been operating under the new name of IPConcept (Schweiz) AG (IPCCH) since the end of January 2011. By changing its name, IPCCH will take on the umbrella brand of IPConcept, which IPConcept Fund Management S. A., the subsidiary of DZ PRIVATBANK S. A., has been using successfully for some years from its Luxembourg location. Despite negative currency influences, the 2011 financial year closed in profit and above expectations for the first time since the company's formation in 2008. This satisfactory result was attributable to the tailored portfolio of services and the close cooperation with Luxembourg, the marketing success of new private label funds and further fund representation mandates in Switzerland. As before, a deliberate and consistent cost management programme is being applied and the business processes are being further optimised.

Due to the difficult market background, the weakness of the euro and of cash outflows, the volume of funds under management fell over the past year. The 10 investment funds managed by IPCCH had a total volume of over CHF 800 million at the end of 2011. IPCCH functions as the Swiss centre of fund expertise for DZ PRIVATBANK. This opens the doors to Europe for Swiss fund initiators and makes it possible for EU funds to enter the Swiss market. Along with IPConcept Fund Management S. A. in Luxembourg, the growth path is still being consistently pursued by means of a coordinated forward strategy.

HUMAN RESOURCES

In a year in which other banks have in some cases made massive job cuts, the number of employees remained stable. In line with strategy, we actually increased the number of employees in a focussed manner. At the end of 2011, DZ PRIVATBANK (Schweiz) AG employed 202 staff, of whom 40 were part-time. The implementation of the growth strategy of the private banking market initiative proved its worth. This was also actively pursued outside Switzerland. Over one-third of the employees of DZ PRIVATBANK (Schweiz) AG work closely with the branches in Germany and the parent company in Luxembourg. In particular the sites were brought closer together and cooperation was strengthened by the expansion of the branches, the Group project and the related introductory stage of the new employees into DZ PRIVATBANK (Schweiz) AG. The transfer of the marketing directors to the branches was completed at the end of December.

In 2011, the personnel departments in Luxembourg and Switzerland optimised their processes and are now further coordinating the various HR instruments. The trust in the potential of our own employees is demonstrated at DZ PRIVATBANK (Schweiz) AG firstly by the hiring of all newly-qualified candidates under a fixed contract of employment and on the other hand the filling of management positions with key players from within our own ranks. Staff development continues to play an important role and was further extended last year through targeted development audits and a new e-learning platform. The corporate health management system was supplemented by a conceptional case management system. Both instruments will be further expanded in 2012 and embedded in new group-wide staff development initiatives. The model developed jointly at DZ PRIVATBANK and the management principles derived from this, set the framework for successful Cooperation. Human resources

» THE MODEL AND MANAGEMENT PRINCIPLES ESTABLISH THE FRAMEWORK FOR SUCCESSFUL COOPERATION.

continues to focus on the successful recruitment of new employees and the bonding with key players through appreciation and advancement.

BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

Assets in CHF 000	**Details in the Notes**	**31.12.2011 CHF**	**Previous year CHF**	**Change CHF**
Liquid funds		25’252	16’822	8’430
Due from money-market papers issued		8	27	-19
Due from banks		438’323	163’829	274’494
Due from clients	3.1	107’777	118’069	-10’292
Trading holdings in securities and precious metals	3.2	1’835	4’652	-2’817
Financial investments	3.2, 3.6	801’931	843’189	-41’258
Equity interests	3.2, 3.3, 3.4	6’004	6’004	0
Tangible fixed assets	3.4	4’448	5’096	-648
Prepayments and accrued income		11’070	12’399	-1’329
Other assets	3.5	10’814	18’574	-7’760
Total assets		**1’407’462**	**1’188’661**	**218’801**
Total subordinated assets		3’138	15’523	-12’385
Total receivables from group companies and qualified participants		316’924	12’876	304’048

Liabilities in CHF 000	**Details in the Notes**	**31.12.2011 CHF**	**Previous year CHF**	**Change CHF**
Due to money-market issued		877	26	851
Due to banks		486’714	303’572	183’142
Other amounts due to clients		658’546	625’341	33’205
Prepayments and accrued income		20’567	12’327	8’240
Other liabilities	3.5	15’444	18’118	-2’674
Value adjustments and provisions	3.9	4’564	25’145	-20’581
Reserves for general banking risks	3.9	16’500	0	16’500
Share capital	3.10, 3.11	100’000	100’000	0
Statutory reserve	3.11	90’200	90’200	0
Profits carried forward	3.11	1’932	673	1’259
Net annual profit	3.11	12’118	13’259	-1’141
Total liabilities		**1’407’462**	**1’188’661**	**218’801**
Total liabilities to group companies and qualified participants		248’634	204’387	44’247

OFF-BALANCE SHEET ITEMS 31 DECEMBER 2011 AND 2010

Off-balance sheet items in CHF 000	**Details in the Notes**	**31.12.2011 CHF**	**Previous year CHF**	**Change CHF**
Contingent liabilities	3.1, 4.1	7’387	6’036	1’351
Irrevocable commitments[1]	3.1	4’314	3’552	762
Derivative financial instruments	4.3			
– positive replacement values		8’086	16’091	-8’005
– positive replacement values		7’264	11’835	-4’571
– contract volumes		415’917	408’304	7’613
Trust transactions	4.4	203’725	165’310	38’415

[1] incl. payment obligation under deposit guarantee

INCOME STATEMENTS 2011 AND 2010

Income and expenditure from normal banking business in CHF 000	**Details in Notes**	**31.12.2011 CHF**	**Previous year CHF**	**Change CHF**
Net interest income				
Interest and discount income		3'486	2'872	614
Interest and dividend income from trading portfolio		19	120	-101
Interest and dividend income from trading portfolio		17'719	20'694	-2'975
Interest expense		-3'585	-3'104	-481
Subtotal net interest income		**17'639**	**20'582**	**-2'943**
Income from commission business and services				
Commission income from credit business		41	43	-2
Commission income from securities and investment business		56'230	67'315	-11'085
Commission income from other services		7'231	8'763	-1'532
Commission expense		-17'989	-22'677	4'688
Subtotal income from commission business and services		**45'513**	**53'444**	**-7'931**
Income from trading activities	5.2	**4'607**	**5'853**	**-1'246**
Other income from ordinary activities				
Other ordinary income		2'533	889	1'644
Subtotal other income from ordinary activities		**2'533**	**889**	**1'644**
Operating expense				
Personnel expense:	5.3	-32'079	-35'852	3'773
General administrative expense	5.4	-20'525	-23'898	3'373
Subtotal operating expense		**-52'604**	**-59'750**	**7'146**
Gross operating profit		**17'688**	**21'018**	**-3'330**
Depreciation on fixed assets	3.4	-1'971	-2'637	666
Value adjustments, provisions and losses		-4'102	-429	-3'673
Profit before extraordinary items		**11'615**	**17'952**	**-6'337**
Extraordinary income	5.5	3'983	1'077	2'906
Taxes		-3'480	-5'770	2'290
Net annual profit		**12'118**	**13'259**	**-1'141**

Profit appropriation in CHF 000		**31.12.2011 CHF**	**Previous year CHF**	**Change CHF**
Net annual profit		12'118	13'259	-1'141
Profits carried forward		1'932	673	1'259
Distributable profit		**14'050**	**13'932**	**118**
Profit appropriation				
Ordinary dividend		0	-12'000	12'000
Profits carried forward		**14'050**	**1'932**	**12'118**

CASH FLOW STATEMENTS 2011 AND 2010

in CHF 000	31.12.2011			Previous year		
	Inflow	Outflow	Balance	Inflow	Outflow	Balance
Net annual profit	12'118			13'259		
Depreciation on fixed assets	1'971			2'637		
Value adjustments and provisions				23'528		
Prepayments and accrued income	1'329			11'020		
Accruals and deferred income	8'240				9'466	
Previous year's dividend		12'000			12'000	
Cash flow from operations (internal financing)	**23'658**	**12'000**	**11'658**	**50'444**	**21'466**	**28'978**
Equity interests					4'559	
Other tangible fixed assets		1'323			2'117	
Inflows from fixed asset transactions	**0**	**1'323**	**- 1'323**	**0**	**6'676**	**- 6'676**
Due from banks (over 90 days)		200'892			29'504	
Due to banks (over 90 days)	70'810				10'000	
Interbank business	**70'810**	**200'892**	**-130'082**	**0**	**39'504**	**-39'504**
Due from clients	10'292				10'264	
Other amounts due to clients	33'205			2'290		
Client business	**43'497**	**0**	**43'497**	**2'290**	**10'264**	**- 7'974**
Trading holdings in securities and precious metals	2'817				889	
Financial assets	37'177			536'184		
Capital market transactions	**39'994**	**0**	**39'994**	**536'184**	**889**	**535'295**
Other assets	7'760				11'263	
Other liabilities		2'674		6'014		
Other balance sheet items	**7'760**	**2'674**	**5'086**	**6'014**	**11'263**	**- 5'249**
Cash flow from banking activities	**162'061**	**203'566**	**-41'505**	**544'488**	**61'920**	**482'568**
Liquid funds		8'430		8'817		
Due from banks (up to 90 days)		73'602		15'206		
Due to banks (up to 90 days)	112'332				528'730	
Due from money-market papers issued	19				27	
Due to money-market papers issued	851				136	
Change in liquidity	**113'202**	**82'032**	**31'170**	**24'023**	**528'893**	**-504'870**
Total inflow	**298'921**			**618'955**		
Total outflow		**298'921**	**0**		**618'955**	**0**

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

AUDITOR'S REPORT

Zurich, 6 February 2012

As statutory auditor, we have audited the enclosed financial statements of DZ PRIVATBANK (Schweiz) AG, which comprise the balance sheet, income statement, cash flow statement and Notes (pages 14 – 33) for the financial year ended 31 December 2011.

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 about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

AUDITOR'S 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 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	Matthias Bühler
Licensed audit expert	Licensed audit expert
	(Head auditor in charge)

NOTES ON THE FINANCIAL REPORT

1. NOTES ON BUSINESS OPERATIONS AND STAFF

As of the reporting date DZ PRIVATBANK (Schweiz) AG is a 100 %-owned subsidiary of DZ PRIVATBANK S. A., Luxembourg, which in turn is a 70 % subsidary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main. 19 % of the shares are owned by WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, and 11 % by around 200 German cooperative banks.

DZ PRIVATBANK (Schweiz) AG focuses on the private client business and 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 is the sole shareholder in IPConcept (Schweiz) AG, a fund management company which serves as a centre of excellence on all aspects of funds in Switzerland.

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

As at the end of 2011 the total number of full time equivalent staff stood at 191.5 compared with 180.6 a year earlier. There are 6 trainees, as in 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 source of income for DZ PRIVATBANK Schweiz. The commission income comes mainly from investment advice and asset management. These services are used primarily by private and institutional clients. DZ PRIVATBANK Schweiz also offers fund-based securities accounts and fund-linked asset management.

BALANCE SHEET OPERATIONS

Balance-sheet operations also account for a substantial proportion of the Bank's revenue. In line with the overall direction of its lending strategy, the Bank focuses here on loans backed by securities.

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 primarily short-term. 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 September 2011 the Board of Directors addressed the significant risks to which the Bank is exposed in its regular review of its risk policy These risks relate to credit and default risks, market risks, liquidity risks, operational risks, risks from participations and strategic and reputation-related risks. 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 valued daily. Responsibility for risk monitoring and trading is separated at the 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 monitor closely and document the abovementioned risks and define measures.

CREDIT AND DEFAULT RISKS

Credit and default risks are limited by means of risk diversification, quality requirements, cover margins and counterparty limits (authority rules). They are regularly monitored by organisational measures. Active lending business is primarily restricted to loans to private clients and companies covered by securities or guarantees, 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 was 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 diversification 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 tradability 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 II, the bank applies the Swiss standard approach (SA-CH) to credit risks and the Swiss basic indicator approach (BIA-CH) to operational risks.

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

COMPLIANCE AND REPUTATION-RELATED/AND LEGAL RISKS

The Tax, Legal & Compliance Department ensures that business operations are carried out in compliance with the prevailing regulatory requirements (including FINMA Circular 2008/24) and the duty of care 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 and 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.
All data processing takes place in Switzerland.

The following services are affected:
- mail services
- internal applications (SIC, EUROSIC, SWIFT and SECOM/SIX SIS)
- technical support for the client/server structure and PCs

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 Swiss GAAP FER professional recommendations applicable to banks.

All transactions concluded by the balance-sheet date are recorded in updated form. All transactions are reported in accordance with the trade-date principle.

CHANGES COMPARED WITH THE PREVIOUS YEAR

In accordance with Group guidelines, the other taxed provisions under the balance sheet item "value adjustments and provisions" in an amount of CHF 16.5 million were reclassified by means of a change in purpose to the "reserves for general banking risks" balance sheet position (see note 3.9).

FOREIGN CURRENCIES

Holdings of foreign exchange and banknotes and precious metal accounts are converted at the mid-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

	2011	2010
EUR	1.2162	1.2524
USD	0.94016	0.93574

LIQUID FUNDS, MONEY MARKET PAPERS, 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.

DUE FROM CLIENTS

Amounts due from clients are reported at nominal value.

Doubtful debts, i. e. in relation to which it is unlikely that the debtor will be in a position to meet its 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 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 is 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 reported in the balance sheet at acquisition cost. Premiums and discounts are entered directly under financial investments. Realised gains from early disposal or repayment are entered under other assets/liabilities and 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 lower of cost or market value.

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, maximum of 8 years

Other tangible fixed assets	
– IT hardware	maximum of 3 years
– furniture	maximum of 8 years
– machinery and equipment	maximum of 5 years
– Vehicles	max. of 5 years (from first registration)
Other (intangible assets)	
– IT software	maximum of 5 years

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-contribution 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.

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 risks 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			
	Mortgage collateral	other collateral	no collateral	Total
Loans				
Due from clients	0	107'629	148	107'777
Total loans in financial year	**0**	**107'629**	**148**	**107'777**
Previous year	0	117'951	118	118'069
Off-balance sheet				
Contingent liabilities	0	5'668	1'719	7'387
Irrevocable commitments	0	0	4'314	4'314
Total off-balance sheet items	**0**	**5'668**	**6'033**	**11'701**
Previous year	0	6'036	3'552	9'588

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	**1'713**	**4'590**
– listed	1'713	4'590
Fund units	**21**	**17**
Precious metals	**101**	**45**
Total trading holdings in securities and precious metals	**1'835**	**4'652**
– of which securities eligible for use in repo transactions as per liquidity regulations	123	131

3.2.2 FINANCIAL INVESTMENT

in CHF 000	Book value		Fair value	
	Financial year	Previous year	Financial year	Previous year
Debt instruments	**799'367**	**840'771**	**777'694**	**824'628**
– of which intended to be held to maturity	799'367	840'771	777'694	824'628
Precious metals	**2'564**	**2'418**	**2'564**	**2'418**
Total financial investments	**801'931**	**843'189**	**780'258**	**827'046**
– of which securities eligible for use in repo transactions as per liquidity regulations	274'326	253'034		

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 cost	Accumulated depreciation to date	Book value End of previous year	Reclassification	Investments	Divestments	Depreciation	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								
Leasehold improvements	5'505	-5'283	222	0	68	0	-70	220
Other tangible fixed assets	6'757	-5'706	1'051	0	799	0	-554	1'296
Other	10'554	-6'731	3'823	0	456	0	-1'347	2'932
Total fixed assets	**22'816**	**-17'720**	**5'096**	**0**	**1'323**	**0**	**-1'971**	**4'448**

Additional details in relation to movements in fixed assets	Financial year
Fire insurance value of other tangible fixed assets	8'450
Obligations: future operating lease payments	21

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	7'388	6'677	16'091	9'897
– Balance sheet structure management (hedging)	698	587	0	1'938
Adjustment account	0	417	1'197	0
Other	2'728	7'763	1'286	6'283
Total other assets and liabilities	**10'814**	**15'444**	**18'574**	**18'118**

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	8'100	8'100	6'100	5'900
Financial assets	13'374	469	14'871	1'698
Total assets pledged	**21'474**	**8'569**	**20'971**	**7'598**

3.6.2 SECURITIES LENDING AND REPO AGREEMENTS

in CHF 000	Financial year	Previous year
Liabilities from repurchase transactions	**284'775**	**40'077**
of which with DZ BANK Group	72'972	40'077
Liabilities from the Bank's own securities transferred under repurchase transactions	**283'079**	**40'079**
of which granted an unrestricted right of onward sale or pledge	283'079	40'079
of which eligible for repo transactions with the European Central Bank	74'416	40'079

3.7 INFORMATION ON PENSION ARRANGEMENTS

The retirement age is 65 as a general rule. 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 is not reporting 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 08/2):

Commercial benefit / commercial liabilities and pension expense

Employer contribution reserve (AGBR) in CHF 000	Nominal value	Non-utilisation undertaking	Value adjustment and discount	Balance sheet		AGBR result in personnel expense	
	Financial year	Financial year		Financial year	Previous year	Financial year	Previous year
BVG collective foundation	2'352	0	0	0	0	0	2'500

Commercial benefit in CHF 000	Surplus / shortfall	Portion attributable to Bank		Effect on the income statement	Accruals / deferred income	Pension expense	
	Financial year	Financial year	Previous year	Change	Financial year	Financial year	Previous year
BVG collective foundation	0	0	0	0	0	15	5'083

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 in the specified purpose of provisions (reposting)	Recoveries, doubtful interest, currency-translation differences	New provisions charged to the income statement	Release to income statement	Balance at end of Financial year
Value adjustments and provisions for default risks (del credere and country risks)	12'422	-9'589		282	3'983		7'098
Value adjustments and provisions for other business risks	200						200
Other provisions	24'945		-16'500	-99		-3'982	4'364
Value adjustments and Provisions	**37'567**	**-9'589**	**-16'500**	**183**	**3'983**	**-3'982**	**11'662**
less value adjustments directly offset against value adjustments	12'422						7'098
Value adjustments and provisions as per balance sheet	**25'145**						**4'564**
Reserves for general banking risks[1]	**0**		**16'500**				**16'500**

[1] The reserves for general banking risks are taxed.

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

Company capital
in CHF 000

	Financial year			Previous year		
	Total nominal value	Number of units	entitled to dividend Share capital	Total nominal value	Number of units	entitled to dividend Share capital
Share capital	100'000	20'000	100'000	100'000	20'000	100'000

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

	Financial year		**Previous year**	
With voting rights:	**Nominal**	**Share in %**	**Nominal**	**Share in %**
DZ PRIVATBANK S. A., Strassen (Luxembourg)	**100'000**	**100 %**		
qualified participants of DZ PRIVATBANK S. A. – 70.33 % DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (Germany) – 18.72 % WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Dusseldorf (Germany)				
DZ PB S. A., Strassen (Luxembourg)			80'000	80 %
qualified participants of DZ PB S. A. – 100.00 % DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (Germany)				
WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf (Germany)			20'000	20 %

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
Distributable profit	13'932
Equity capital at start of year (before distribution of profit)	**204'132**
+/- Other transfers/deductions from reserves	16'500
- Dividends and other distributions from the previous year's profit	-12'000
+ Net annual profit for financial year	12'118
Equity capital at end of year (before distribution of profit)	**220'750**
incl.:	
Paid-in share capital	100'000
Statutory reserve	90'200
Reserves for general banking risks	16'500
Distributable profit	14'050

3.12 MATURITY STRUCTURE OF CURRENT ASSETS AND THIRD PARTY LIABILITIES

	On demand	At notice	Maturity date				Total
in CHF 000			Due within 3 months	Due between 3 and 12 months	Due within 1-5 years	after 5 years	
Current assets							
Liquid funds	25'252						25'252
Due from money-market papers issued	8						8
Due from banks	45'796		128'810	263'717			438'323
Due from clients		63'447	27'477	6'712	10'141		107'777
Trading holdings in securities and precious metals	1'835						1'835
Financial assets	2'564		36'695	144'124	477'945	140'603	801'931
Total current assets in financial year	**75'455**	**63'447**	**192'982**	**414'553**	**488'086**	**140'603**	**1'375'126**
Previous year	101'783	58'215	162'373	286'481	432'134	105'602	1'146'588
Third party liabilities							
Due to money-market papers issued	877						877
Due to banks	56'578		349'326	80'810			486'714
Other amounts due to clients	516'836	31'792	54'714	55'082	122		658'546
Total third party liabilities in financial year	**574'291**	**31'792**	**404'040**	**135'892**	**122**	**0**	**1'146'137**
Previous year	630'077	35'582	235'367	27'588	325	0	928'939

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	3’192	66’358
Due to associated companies	152	66’797
Loans granted to governing bodies	0	0

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	25’252		16’822	
Due from money-market papers issued	8		27	
Due from banks	89’324	348’999	64’667	99’162
Due from clients	3’556	104’221	2’777	115’292
Trading holdings in securities and precious metals	128	1’707	45	4’607
Financial assets	45’112	756’819	55’417	787’772
Equity interests	6’004		6’004	
Tangible fixed assets	4’448		5’096	
Prepayments and accrued income	4’135	6’935	4’573	7’826
Other assets	6’902	3’912	17’950	624
Total assets	**184’869**	**1’222’593**	**173’378**	**1’015’283**
Liabilities				
Due to money-market papers issued	877		26	
Due to banks	242’176	244’538	41’387	262’185
Other amounts due to clients	135’556	522’990	96’440	528’901
Prepayments and accrued income	20’231	336	12’265	62
Other liabilities	12’421	3’023	18’107	11
Value adjustments and provisions	4’564		25’145	
Reserves for general banking risks	16’500			
Share capital	100’000		100’000	
Statutory reserve	90’200		90’200	
Profits carried forward	1’932		673	
Net annual profit	12’118		13’259	
Total liabilities	**636’575**	**770’887**	**397’502**	**791’159**

3.15 ASSETS BY COUNTRY/GROUPS OF COUNTRIES

in CHF 000	Financial year		Previous year	
	Absolute	Share in %	Absolute	Share in %
Europe				
– Switzerland	184’869	13,1 %	173’378	12,3 %
– Other European countries	815’747	58,0 %	542’092	38,5 %
North America	314’562	22,3 %	371’651	26,4 %
Australia/Oceania	44’975	3,2 %	52’000	3,7 %
Asia	13’347	0,9 %	11’326	0,8 %
Other	33’962	2,4 %	38’214	2,7 %
Total assets	**1’407’462**	**100 %**	**1’188’661**	**100 %**

3.16 BALANCE SHEET BROKEN DOWN BY COUNTRY

in CHF 000	CHF	EUR	USD	Other	Precious metals	Total
Assets						
Liquid funds	18’710	6’203	300	39		25’252
Due from money-market papers issued			7	1		8
Due from banks	273’972	63’361	60’904	12’713	27’373	438’323
Due from clients	21’337	18’488	42’264	25’688		107’777
Trading holdings in securities and precious metals	127	1’465	1	242		1’835
Financial assets	237’511	510’096	51’760		2’564	801’931
Equity interests	6’004					6’004
Tangible fixed assets	4’448					4’448
Prepayments and accrued income	6’401	3’855	729	85		11’070
Other assets	4’014	5’822	937	41		10’814
Total balance sheet assets	**572’524**	**609’290**	**156’902**	**38’809**	**29’937**	**1’407’462**
Delivery commitments arising from foreign-exchange spot and forward option transactions	183’788	12’337	66’256	13’334	55’831	331’546
Total assets	**756’312**	**621’627**	**223’158**	**52’143**	**85’768**	**1’739’008**

3.16 BALANCE SHEET BROKEN DOWN BY COUNTRY

in CHF 000	CHF	EUR	USD	Other	Precious metals	Total
Liabilities						
Due to money-market papers issued		47	811	19		877
Due to banks	215’821	228’498	26’334	12’318	3’743	486’714
Other amounts due to clients	227’580	264’205	56’397	28’475	81’889	658’546
Prepayments and accrued income	19’978	583	6			20’567
Other liabilities	8’415	586	5’149	1’294		15’444
Value adjustments and provisions	4’564					4’564
Reserves for general banking risks	16’500					16’500
Share capital	100’000					100’000
Statutory reserve	90’200					90’200
Profits carried forward	1’932					1’932
Net annual profit	12’118					12’118
Total balance sheet liabilities	**697’108**	**493’919**	**88’697**	**42’106**	**85’632**	**1’407’462**
Delivery obligations arising from foreign-exchange spot and forward option transactions	56’810	124’438	138’296	11’300		330’844
Total liabilities	**753’918**	**618’357**	**226’993**	**53’406**	**85’632**	**1’738’306**
Net position per currency	**2’394**	**3’270**	**-3’835**	**-1’263**	**136**	**702**

4. INFORMATION ON OFF-BALANCE SHEET OPERATIONS

4.1 CONTINGENT LIABILITIES

in CHF 000	Financial year	Previous year
Guarantees to secure credits	7’387	6’036
Total contingent liabilities	**7’387**	**6’036**

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

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 volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments						
Swaps				698	587	54'054
Foreign exchange / precious metals						
Futures contracts	7'121	6'410	331'546			
Options (OTC)	174	174	27'255			
Equities / index derivatives						
Options (exchange traded)	93	93	3'062			
Total derivative instruments outstanding	**7'388**	**6'677**	**361'863**	**698**	**587**	**54'054**
Previous year	16'091	9'897	354'998	0	1'938	53'306

There are no netting contracts.

4.4 FIDUCIARY TRANSACTIONS

in CHF 000	Financial year	Previous year
Fiduciary placements with other banks	3'649	35'595
Fiduciary placements with Group and associated banks	200'076	129'715
Total fiduciary transactions	**203'725**	**165'310**

4.5 CLIENT ASSETS

in CHF million	Financial year	Previous year
Type of assets		
Assets in self-managed collective Investment funds	837	1'059
Assets with management mandate	2'030	2'363
Other assets managed	3'035	3'311
Total assets under management (including duplications)	**5'902**	**6'733**
– of which duplications	836	1'058
Net inflow/outflow of funds (including duplications)	-279	-157

The client assets include all client assets managed or held for investment purposes. Custody assets, i.e. assets held solely for transaction and custody purposes, are excepted. The net inflow/outflow of funds is derived from the transactions undertaken by 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 are 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	4'481	5'455
Securities trading	184	210
Precious metals trading	-58	188
Total income from trading activities	**4'607**	**5'853**

5.3 PERSONNEL EXPENSE

in CHF 000	Financial year	Previous year
Salaries and bonuses, compensation to bank authorities	28'696	27'803
Old-age and surviving dependents' insurance (AHV), disability insurance (IV), unemployment ensurance (ALV) and other social-security payments	2'269	2'159
Personnel welfare funds	15	5'083
Other personnel expense	1'099	807
Total personnel expense	**32'079**	**35'852**

Employer contribution reserves totalling CHF 2.7 million were released in the year under review compared with a charge of CHF 2.5 million in the previous year.

5.4 GENERAL ADMINISTRATIVE EXPENSE

in CHF 000	Financial year	Previous year
Premises	4'510	4'219
IT, equipment, furniture, vehicles and other equipment	6'556	6'856
Other business expenses	9'459	12'823
Total general administrative expenses	**20'525**	**23'898**

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
Release of undisclosed reserves into value adjustments and provisions	3'983	0
Other extraordinary income	0	1'077
Total extraordinary income	**3'983**	**1'077**

The release of undisclosed reserves related to the creation of value adjustments and provisions for default risks.

COMMITTEES

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

PROF. DR ROBERT WALDBURGER
Professor of Tax Law at the University
of St. Gallen (CH)

URS GALLI
Internal Audit

EXECUTIVE BOARD (UNTIL 14.09.2011)

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Chairman

DR MARION PESTER
Member

EXECUTIVE BOARD (FROM 15.09.2011)

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Chairman

DR FRANZ GEORG BRUNE
Member

FELIX KIRSCHNER
Member

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Dr Armin Schuster (from 01.11.2011)

OPERATIONS
Peter Marty

IT / SERVICE
Roland Greber (until 30.06.2011)
Burkhard Kapferer (from 01.07.2011)

DESIGN AND LAYOUT
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