

## Communications

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# Annual result of the Swiss National Bank for 2012

## **The Swiss National Bank (SNB) is reporting a consolidated profit of CHF 6.9 billion for 2012**

Foreign currency positions contributed CHF 4.5 billion to this profit figure. Income and price gains on interest-bearing paper and instruments reached CHF 8.4 billion, and income and price gains on equity securities and instruments CHF 6.7 billion. Taken together, these figures were considerably higher than the exchange rate-related losses of CHF 10.6 billion. The net result from gold amounted to CHF 1.4 billion.

The result for the parent company, upon which the profit distribution is based, amounts to CHF 6.0 billion. The stabilisation fund accounted for CHF 0.9 billion of the consolidated result. The stabilisation fund's accounting principles were changed in 2012 from the amortised cost valuation to the fair value method. This has also affected the comparative figures (Consolidated profit 2011: CHF 13.1 billion after fair value restatement; CHF 13.5 billion before restatement).

For the financial year just ended, the SNB has set the allocation to the provisions for currency reserves at CHF 3.6 billion. The distributable profit remaining after this allocation is CHF 2.4 billion. According to the proposal to the General Meeting of Shareholders, the shareholders will receive CHF 1.5 billion in the form of dividends, while CHF 1 billion will be distributed to the Confederation and the cantons in accordance with the agreement between the Confederation and the SNB. The remaining profit will be allocated to the distribution reserve.

### **Increase in the price of gold and contribution of foreign currency positions to profit**

At CHF 48,815 per kilogram, the price of gold on 31 December 2012 was once again higher than a year earlier (2011: CHF 47,473). While holdings of gold were unchanged at 1,040 tonnes, a valuation gain of CHF 1.4 billion was recorded (2011: CHF 5.4 billion).

The consolidated financial statement reported CHF 6.0 billion in interest income and CHF 1 billion in dividend income from foreign currency investments. The generally lower interest rate level resulted in price gains of CHF 2.4 billion on interest-bearing paper and instruments. Equity securities and instruments benefited from the favourable stock market environment and contributed CHF 5.7 billion to income. By contrast, an exchange-rate-

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related loss of CHF 10.6 billion was recorded. This was mainly attributable to the appreciation of the Swiss franc against the Japanese yen (-12.9%), resulting in an exchange rate loss of CHF 4.7 billion, and the appreciation against the US dollar (-2.7%), resulting in an exchange rate loss of CHF 4.8 billion. Taking into account the various other elements of the income statement, foreign currency positions resulted in a profit of CHF 4.5 billion (2011: CHF 7.7 billion).

### **Profit on Swiss franc positions**

Swiss franc positions showed a profit of CHF 101.1 million overall (2011: net loss of CHF 162.7 million).

### **Positive result of stabilisation fund and reduction of loan**

The stabilisation fund's accounting principles were changed as of 1 October 2012 from the amortised cost valuation to the fair value method. This decision reflects the improvement in market conditions for the assets held by the stabilisation fund. The adjustments in the accounting principles do not impact the liquidation and asset management strategy of the stabilisation fund. More detailed information is provided in item no. 5.

A profit of CHF 2.0 billion was reported at consolidated level (2011: CHF 0.4 billion, after fair value restatement) on the stabilisation fund investments. The stabilisation fund's investments benefited from favourable developments on securitisation markets and recorded valuation gains.

Taking into account the other elements in the income statement, as well as the loss protection arrangements, the stabilisation fund contributed CHF 939 million to the consolidated result (2011: CHF 23 million, after fair value restatement). More detailed information is provided in item no. 4.

The successful continuation of the stabilisation fund's liquidation strategy resulted in further principal repayments on the SNB loan. It decreased from CHF 7.6 billion to under CHF 4.4 billion. In the same period, additional contingent liabilities declined by CHF 61 million to CHF 750 million.

### **Profit distribution to Confederation and cantons**

The distributable profit remaining after the allocation of CHF 3.6 billion (2011: CHF 3.2 billion) to the provisions for currency reserves is CHF 2.4 billion, CHF 1 billion of which will be remitted to the Confederation and the cantons in accordance with the profit distribution agreement. In addition, the annual dividend of CHF 1.5 million is to be paid to the shareholders. The remaining CHF 1.4 billion will be used to increase the distribution reserve to CHF 5.3 billion.

The comprehensive financial report will be published on 4 April 2013 as part of the SNB Annual Report.

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## Parent company income statement for 2012

In CHF millions	Item no. in Notes	2012	2011	Change
Net result from gold	1	1 396.3	5 392.3	- 3 996.0
Net result from foreign currency positions	2	4 719.7	7 963.1	- 3 243.4
Net result from Swiss franc positions	3	101.1	- 162.7	+ 263.8
Net result, other		11.1	94.8	- 83.7
<b>Gross income</b>		<b>6 228.2</b>	<b>13 287.6</b>	<b>- 7 059.4</b>
Banknote expenses		- 23.0	- 20.4	- 2.6
Personnel expenses		- 133.0	- 128.8	- 4.2
General overheads		- 81.7	- 73.1	- 8.6
Depreciation on tangible assets		- 34.4	- 36.2	+ 1.8
<b>Annual result</b>		<b>5 956.1</b>	<b>13 028.9</b>	<b>- 7 072.8</b>
Allocation to provisions for currency reserves		- 3 568.0 <sup>1</sup>	- 3 154.3	- 413.7

<sup>1</sup> In accordance with the Bank Council resolution of 14 December 2012.

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## Parent company balance sheet as at 31 December 2012

In CHF millions	31.12.2012	31.12.2011	Change
Gold holdings	50 767.5	48 662.5	+ 2 105.0
Claims from gold transactions	4.0	717.5	- 713.5
Foreign currency investments	432 208.9	257 504.2	+ 174 704.7
Reserve position in the IMF	2 804.2	3 134.5	- 330.3
International payment instruments	4 249.2	4 621.2	- 372.0
Monetary assistance loans	279.1	301.4	- 22.3
Claims from US dollar repo transactions	-	370.5	- 370.5
Claims from Swiss franc repo transactions	-	18 468.0	- 18 468.0
Swiss franc securities	3 757.1	3 675.1	+ 82.0
Loan to stabilisation fund	4 378.0	7 644.9	- 3 266.9
Banknote stocks	125.6	129.8	- 4.2
Tangible assets	451.8	325.4	+ 126.4
Participations	141.6	147.2	- 5.6
Other assets	266.7	377.2	- 110.5
<b>Total assets</b>	<b>499 433.7</b>	<b>346 079.3</b>	<b>+ 153 354.4</b>

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In CHF millions	31.12.2012	31.12.2011	Change
Banknotes in circulation	61 801.4	55 728.9	+ 6 072.5
Sight deposits of domestic banks	281 814.1	180 720.7	+ 101 093.4
Liabilities towards the Confederation	9 008.1	5 647.5	+ 3 360.6
Sight deposits of foreign banks and institutions	11 958.4	1 884.5	+ 10 073.9
Other sight liabilities <sup>1</sup>	66 951.1	28 447.9	+ 38 503.2
Liabilities from Swiss franc repo transactions	-	-	-
SNB debt certificates	-	14 719.5	- 14 719.5
Other term liabilities	-	366.4	- 366.4
Foreign currency liabilities	5 018.7	551.6	+ 4 467.1
Counterpart of special drawing rights allocated by the IMF	4 613.4	4 734.6	- 121.2
Other liabilities	193.2	155.1	+ 38.1
Provisions for operating risks	5.5	7.3	- 1.8
Provisions for currency reserves <sup>2</sup>	48 215.6	45 061.3	+ 3 154.3
Share capital	25.0	25.0	-
Distribution reserve <sup>2</sup>	3 873.2	- 5 000.0	+ 8 873.2
Annual result <sup>3</sup>	5 956.1	13 028.9	- 7 072.8
<b>Total liabilities</b>	<b>499 433.7</b>	<b>346 079.3</b>	<b>+ 153 354.4</b>

<sup>1</sup> Essentially, the sight deposit accounts of non-banks (PostFinance, clearing offices, insurance companies, etc.).

<sup>2</sup> The provisions for currency reserves form part of the profit appropriation, which is performed after the General Meeting of Shareholders. They amount to CHF 3.6 billion for the 2012 financial year. After this allocation, the distribution to the Confederation and the cantons and the dividend payment, the remaining amount will be allocated to the distribution reserve.

<sup>3</sup> Before appropriation of profit.

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## Valuation rates

	Year under review			Previous year		
	31.12.2012	31.12.2011	Change	31.12.2011	31.12.2010	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 EUR	1.2074	1.2172	- 0.8	1.2172	1.2494	- 2.6
1 USD	0.9129	0.9378	- 2.7	0.9378	0.9327	+ 0.5
100 JPY	1.0576	1.2149	- 12.9	1.2149	1.1479	+ 5.8
1 CAD	0.9171	0.9198	- 0.3	0.9198	0.9348	- 1.6
1 GBP	1.4839	1.4581	+ 1.8	1.4581	1.4529	+ 0.4
1 kilogram of gold	48 815.02	47 472.70	+ 2.8	47 472.70	42 289.16	+ 12.3

## Notes to the parent company annual financial statements

### Item no. 1: Net result from gold

Breakdown by type	2012	2011	Change
In CHF millions			
Net result from changes in market value	1 396.1	5 391.3	- 3 995.2
Interest income from gold lending transactions	0.2	1.0	- 0.8
<b>Total</b>	<b>1 396.3</b>	<b>5 392.3</b>	<b>- 3 996.0</b>

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## Item no. 2: Net result from foreign currency positions

<b>Breakdown by origin</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
In CHF millions			
Foreign currency investments	4 690.3	7 749.3	- 3 059.0
Reserve position in the IMF	- 50.3	67.3	- 117.6
International payment instruments	4.4	- 2.7	+ 7.1
Monetary assistance loans	- 5.6	2.2	- 7.8
Foreign currency liabilities	- 2.1	- 20.8	+ 18.7
Other foreign currency positions <sup>1</sup>	83.1	167.9	- 84.8
<b>Total</b>	<b>4 719.7</b>	<b>7 963.1</b>	<b>- 3 243.4</b>

<sup>1</sup> Including interest income from the loan to the stabilisation fund.

<b>Breakdown by type</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
In CHF millions			
Interest income <sup>1</sup>	6 159.5	5 763.3	+ 396.2
Price gain/loss on interest-bearing paper and instruments	2 422.9	3 722.7	- 1 299.8
Interest expenses	- 7.1	- 38.8	+ 31.7
Dividend income	1 005.8	562.3	+ 443.5
Price gain/loss on equity securities and instruments	5 724.4	- 1 915.5	+ 7 639.9
Exchange rate gain/loss	- 10 577.9	- 123.9	- 10 454.0
Asset management, safe custody account and other fees	- 7.9	- 6.9	- 1.0
<b>Total</b>	<b>4 719.7</b>	<b>7 963.1</b>	<b>- 3 243.4</b>

<sup>1</sup> Including interest income from the loan to the stabilisation fund.

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## Item no. 3: Net result from Swiss franc positions

<b>Breakdown by origin</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
In CHF millions			
Swiss franc securities	131.6	188.0	- 56.4
Liquidity-providing Swiss franc repo transactions	- 14.4	- 16.5	+ 2.1
Liquidity-absorbing Swiss franc repo transactions	-	- 11.9	+ 11.9
Other assets	0.0	0.0	- 0.0
Liabilities towards the Confederation	-	- 2.7	+ 2.7
SNB debt certificates	- 10.5	- 313.1	+ 302.6
Other sight liabilities	- 5.5	- 6.5	+ 1.0
<b>Total</b>	<b>101.1</b>	<b>- 162.7</b>	<b>+ 263.8</b>

<b>Breakdown by type</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
In CHF millions			
Interest income	84.3	89.8	- 5.5
Price gain/loss on interest-bearing paper and instruments	51.9	105.0	- 53.1
Interest expenses	- 30.5	- 306.8	+ 276.3
Trading, safe custody account and other fees	- 4.5	- 50.6	+ 46.1
<b>Total</b>	<b>101.1</b>	<b>- 162.7</b>	<b>+ 263.8</b>



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## Stabilisation fund income statement for 2012

In USD millions

	2012	2011 restated	Change
Net interest income from securities and non-securitised loans	516.5	623.2	- 106.7
Net result from derivatives	- 52.3	- 47.6	- 4.7
Unrealised valuations gains/losses	1 180.8	- 328.0	+ 1 508.8
Realised valuations gains/losses	459.7	150.1	+ 309.6
Financing costs	- 189.3	- 286.9	+ 97.6
<b>Gross income</b>	<b>1 915.3</b>	<b>110.7</b>	<b>+ 1 804.6</b>
Foreign tax expenses (-) and tax credits (+)	0.1	0.0	+ 0.1
Operating expenses	- 35.4	- 41.1	+ 5.7
<b>Net income</b>	<b>1 880.1</b>	<b>69.5</b>	<b>+ 1 810.6</b>

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## Stabilisation fund balance sheet as at 31 December 2012

In USD millions

	31.12.2012	31.12.2011 restated	Change
<b>Bank deposits</b>	<b>486.4</b>	<b>396.6</b>	<b>+ 89.8</b>
Securities (securitised loans)	8 076.7	9 348.0	- 1 271.3
Non-securitised loans	1 752.0	2 027.3	- 275.3
Real estate	81.4	69.7	+ 11.7
<b>Subtotal investments</b>	<b>9 910.2</b>	<b>11 445.0</b>	<b>- 1 534.8</b>
Interest rate derivatives	153.1	138.3	+ 14.8
Credit derivatives	11.3	25.5	- 14.2
<b>Subtotal derivatives</b>	<b>164.5</b>	<b>163.8</b>	<b>+ 0.7</b>
Prepayments and accrued income	40.7	41.3	- 0.6
Other assets	224.2	232.8	- 8.6
<b>Total assets</b>	<b>10 826.0</b>	<b>12 279.5</b>	<b>- 1 453.5</b>
Interest rate derivatives	407.1	403.6	+ 3.5
Accrued expenses and deferred income	17.4	16.4	+ 1.0
Other liabilities	0.8	1.4	- 0.6
SNB loan	4 790.1	8 140.4	- 3 350.3
Deferred management fee	69.7	56.6	+ 13.1
<b>Subtotal liabilities</b>	<b>5 285.2</b>	<b>8 618.4</b>	<b>- 3 333.2</b>
Paid-in equity	3 896.7	3 896.7	-
Foreign currency translation differences	- 2.8	- 2.4	- 0.4
Result, carried over	- 233.3	- 302.8	+ 69.5
Result, current period	1 880.1	69.5	+ 1 810.6
<b>Subtotal equity</b>	<b>5 540.8</b>	<b>3 661.1</b>	<b>+ 1 879.7</b>
<b>Total liabilities</b>	<b>10 826.0</b>	<b>12 279.5</b>	<b>- 1 453.5</b>

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## Consolidated income statement for 2012

In CHF millions	Item no. in Notes	2012	2011 restated	Change
Net result from gold		1 396.3	5 392.3	- 3 996.0
Net result from foreign currency positions		4 542.1	7 708.7	- 3 166.6
Net result from Swiss franc positions		101.1	- 162.7	+ 263.8
Net result from stabilisation fund investments	4	1 974.3	352.7	+ 1 621.6
Net result from stabilisation fund loss				
protection arrangements	4	- 824.9	- 38.3	- 786.6
Income from participations		3.5	9.3	- 5.8
Net result, other		4.5	82.3	- 77.8
<b>Gross income</b>		<b>7 197.0</b>	<b>13 344.2</b>	<b>- 6 147.2</b>
Banknote expenses		- 23.0	- 20.4	- 2.6
Personnel expenses		- 133.0	- 128.8	- 4.2
General overheads		- 111.8	- 106.4	- 5.4
Depreciation on tangible assets		- 34.4	- 36.2	+ 1.8
<b>Consolidated result</b>		<b>6 894.8</b>	<b>13 052.3</b>	<b>- 6 157.5</b>

## Consolidated balance sheet as at 31 December 2012

In CHF millions	31.12.2012	31.12.2011 restated	Change
Gold holdings	50 767.5	48 662.5	+ 2 105.0
Claims from gold transactions	4.0	717.5	- 713.5
Foreign currency investments	432 208.9	257 504.2	+ 174 704.7
Reserve position in the IMF	2 804.2	3 134.5	- 330.3
International payment instruments	4 249.2	4 621.2	- 372.0
Monetary assistance loans	279.1	301.4	- 22.3
Claims from US dollar repo transactions	-	370.5	- 370.5
Claims from Swiss franc repo transactions	-	18 468.0	- 18 468.0
Swiss franc securities	3 757.1	3 675.1	+ 82.0
Stabilisation fund investments	9 883.0	11 515.7	- 1 632.7
Banknote stocks	125.6	129.8	- 4.2
Tangible assets	451.8	325.4	+ 126.4
Participations	141.4	147.0	- 5.6
Other assets	1 487.7	1 236.2	+ 251.5
<b>Total assets</b>	<b>506 159.6</b>	<b>350 808.9</b>	<b>+ 155 350.7</b>

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In CHF millions	31.12.2012	31.12.2011 restated	Change
Banknotes in circulation	61 801.4	55 728.9	+ 6 072.5
Sight deposits of domestic banks	281 814.1	180 720.7	+ 101 093.4
Liabilities towards the Confederation	9 008.1	5 647.5	+ 3 360.6
Sight deposits of foreign banks and institutions	11 958.4	1 884.5	+ 10 073.9
Other sight liabilities	66 950.9	28 447.7	+ 38 503.2
Liabilities from Swiss franc repo transactions	-	-	-
SNB debt certificates	-	14 719.5	- 14 719.5
Other term liabilities	-	366.4	- 366.4
Foreign currency liabilities	5 018.7	551.6	+ 4 467.1
Counterpart of special drawing rights allocated by the IMF	4 613.4	4 734.6	- 121.2
Other liabilities	3 932.3	2 697.9	+ 1 234.4
Provisions for operating risks	5.5	7.3	- 1.8
Provisions for currency reserves	48 215.6	45 061.3	+ 3 154.3
Capital	25.0	25.0	-
Distribution reserve	3 873.2	- 5 000.0	+ 8 873.2
Profit reserve from stabilisation fund	2 321.5	2 298.1	+ 23.4
Consolidated result	6 894.8	13 052.3	- 6 157.5
Foreign currency translation differences	- 273.2	- 134.5	- 138.7
<b>Total liabilities</b>	<b>506 159.6</b>	<b>350 808.9</b>	<b>+ 155 350.7</b>

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## Notes to the consolidated financial statements

### Item no. 4: Net result from stabilisation fund investments and net result from stabilisation fund loss protection arrangements

In CHF millions	2012	2011 restated	Change
Net result from stabilisation fund investments	1 974.3	352.7	+ 1 621.6
Interest expenses on SNB loan <sup>1</sup>	- 177.6	- 254.5	+ 76.9
Additional income and expense components <sup>2</sup>	- 33.2	- 36.5	+ 3.3
<b>Stabilisation fund result</b>	<b>1 763.5</b>	<b>61.7</b>	<b>+ 1 701.8</b>
Net result from GP and LP purchase options <sup>3</sup>	- 824.9	- 38.3	- 786.6
<b>Net result from loss protection arrangements</b>	<b>- 824.9</b>	<b>- 38.3</b>	<b>- 786.6</b>
<b>Impact of stabilisation fund on consolidated result</b>	<b>938.7</b>	<b>23.4</b>	<b>+ 915.3</b>

1 In the consolidated financial statements, interest income from the SNB perspective and interest expenses from the stabilisation fund perspective offset one another.

2 Operating expenses (general overheads); income from participations; net result, other.

3 From UBS's right to stabilisation fund equity. This right can only be exercised by UBS once the SNB loan has been fully repaid. If stabilisation fund equity grows, UBS's right to stabilisation fund equity also increases.

The contractual provisions specify that UBS can repurchase the stabilisation fund after the SNB loan has been repaid in full. UBS would have to pay the SNB a sum of USD 1 billion plus half of the fund's net asset value (i.e. equity) in excess of this amount. The other half would accrue to UBS. The SNB would benefit to the amount of USD 3,270 million and UBS to the amount of USD 2,270 million from the fund's net asset value as at the balance sheet date.

### Item no. 5: Notes on the restatement of prior-year figures for the stabilisation fund and at consolidated level.

The prior-year figures are presented as though the stabilisation fund's investments had always been recorded at fair value. Therefore, the figures differ from those published in the 2011 financial report.

The value of the investments recorded on the balance sheet was adjusted to reflect their fair value. Accordingly, total equity for 2011 was corrected by the difference between fair value and amortised cost, i.e. an increase of USD 495.4 million.

The restatement of the income statement, by contrast, does not reflect the entire difference between fair value and amortised cost, but only its annual fluctuation. At the end of 2010, the fair value of the assets was USD 1,483.2 million (CHF 1,383.4 million) higher than the value at amortised cost. The difference narrowed by USD 987.8 million (CHF 918.8 million) to USD 495.4 million as at the end of 2011. The 2011 income statement has therefore been adjusted to reflect this. The restatement thus results in a

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drop in the net income of the stabilisation fund from USD 1,057.3 million to USD 69.5 million.

### Impact of restatement on balance sheet and income statement of the stabilisation fund

In USD millions	31.12.2011 Before restatement	Restatement, cumulative effect on prior- year figures	Effect of 2011 restatement	31.12.2011 After restatement
<b>Assets</b>				
Subtotal investments	10 949.5	+ 1 483.2	- 987.8	11 445.0
<b>Liabilities and equity</b>				
Equity	3 165.6	+ 1 483.2	- 987.8	3 661.1
<b>Income statement</b>				
Net income	1 057.3		- 987.8	69.5

In addition, UBS's right to stabilisation fund equity is taken into account in determining the impact on the consolidated financial statements.

### Impact of restatement on balance sheet and income statement at consolidated level

In CHF millions	31.12.2011 Before restatement	Restatement, cumulative effect on prior- year figures	Effect of 2011 restatement	31.12.2011 After restatement
<b>Assets</b>				
Stabilisation fund investments	11 051.1	+ 1 383.4	- 918.8	11 515.7
<b>Liabilities</b>				
GP and LP purchase options (under other liabilities)	1 015.5	+ 691.7	- 459.4	1 247.8
Profit reserve from stabilisation fund	1 636.1	+ 662.0		2 298.1
Foreign currency translation differences	- 121.6	+ 29.6	- 42.5	- 134.5
Consolidated result for 2011	13 469.1		- 416.8	13 052.3