

Annual financial statements (parent company)

The annual financial statements of the Swiss National Bank (SNB) comprise the balance sheet, income statement and notes (art. 662 para. 2 of the Swiss Code of Obligations (CO)) and meet the requirements under Swiss company law (art. 29 of the National Bank Act (NBA), arts. 663 et seq. CO).

The annual financial statements refer to the parent company, i.e. the SNB as a separate entity. Detailed information on the stabilisation fund is disclosed separately, as information on the consolidated finances.

The annual financial statements of the parent company determine the appropriation of profit.

Parent company balance sheet as at 31 December 2012

ASSETS

In CHF millions

	Item no. in Notes	31.12.2012	31.12.2011	Change
Gold holdings	01	50 767.5	48 662.5	+2 105.0
Claims from gold transactions	02	4.0	717.5	-713.5
Foreign currency investments	03, 29	432 208.9	257 504.2	+174 704.7
Reserve position in the IMF	04	2 804.2	3 134.5	-330.3
International payment instruments	27	4 249.2	4 621.2	-372.0
Monetary assistance loans	05, 27	279.1	301.4	-22.3
Claims from US dollar repo transactions		-	370.5	-370.5
Claims from Swiss franc repo transactions	26	-	18 468.0	-18 468.0
Swiss franc securities	06	3 757.1	3 675.1	+82.0
Loan to stabilisation fund	07, 28	4 378.0	7 644.9	-3 266.9
Banknote stocks	08	125.6	129.8	-4.2
Tangible assets	09	451.8	325.4	+126.4
Participations	10, 28	141.6	147.2	-5.6
Other assets	11, 30	266.7	377.2	-110.5
Total assets		499 433.7	346 079.3	+153 354.4

LIABILITIES

In CHF millions

	Item no. in Notes	31.12.2012	31.12.2011	Change
Banknotes in circulation	12	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	13	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	14	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	15	5 018.7	551.6	+4 467.1
Counterpart of SDRs allocated by the IMF		4 613.4	4 734.6	–121.2
Other liabilities	16, 30	193.2	155.1	+38.1
Operating provisions	17	5.5	7.3	–1.8
Provisions for currency reserves ¹		48 215.6	45 061.3	+3 154.3
Share capital	18	25.0	25.0	–
Distribution reserve ²		3 873.2	–5 000.0	+8 873.2
Annual result ¹		5 956.1	13 028.9	–7 072.8
Total liabilities		499 433.7	346 079.3	+153 354.4

1 Before allocation to provisions for currency reserves.

2 Prior to the resolution of the General Meeting of Shareholders on the distribution of profit.

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Parent company income statement and appropriation of profit for 2012

In CHF millions

	Item no. in Notes	2012	2011	Change
Net result from gold	19	1 396.3	5 392.3	-3 996.0
Net result from foreign currency positions	20	4 719.7	7 963.1	-3 243.4
Net result from Swiss franc positions	21	101.1	-162.7	+263.8
Net result, other	22	11.1	94.8	-83.7
Gross income		6 228.2	13 287.6	-7 059.4
Banknote expenses		-23.0	-20.4	-2.6
Personnel expenses	23, 24	-133.0	-128.8	-4.2
General overheads	25	-81.7	-73.1	-8.6
Depreciation on tangible assets	09	-34.4	-36.2	+1.8
Annual result		5 956.1	13 028.9	-7 072.8
Allocation to provisions for currency reserves		-3 568.0	-3 154.3	-413.7
Distributable annual profit		2 388.1	9 874.7	-7 486.6
Released from (+)/allocated to (-) distribution reserve		-1 386.6	-8 873.2	+7 486.6
Total profit distribution		1 001.5	1 001.5	-
Of which				
Payment of a dividend of 6%		1.5	1.5	-
Profit distribution to Confederation and cantons (in accordance with agreement of 21 November 2011)		1 000.0	1 000.0	-

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Changes in equity (parent company)

In CHF millions

	Share capital	Provisions for currency reserves	Distribution reserve	Annual result	Total
Equity as at 1 January 2011	25.0	44 337.1	19 032.8	-20 807.1	42 587.8
Endowment of provisions for currency reserves pursuant to NBA		724.2		-724.2	
Release from distribution reserve			-24 032.8	24 032.8	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-2 500.0	-2 500.0
Annual result				13 028.9	13 028.9
Equity as at 31 December 2011 (before appropriation of profit)	25.0	45 061.3	-5 000.0	13 028.9	53 115.3
Equity as at 1 January 2012	25.0	45 061.3	-5 000.0	13 028.9	53 115.3
Endowment of provisions for currency reserves pursuant to NBA		3 154.3		-3 154.3	
Allocation to distribution reserve			8 873.2	-8 873.2	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-1 000.0	-1 000.0
Annual result				5 956.1	5 956.1
Equity as at 31 December 2012 (before appropriation of profit)	25.0	48 215.6	3 873.2	5 956.1	58 069.9
Proposed appropriation of profit					
Endowment of provisions for currency reserves pursuant to NBA		3 568.0		-3 568.0	
Allocation to distribution reserve			1 386.6	-1 386.6	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-1 000.0	-1 000.0
Equity after appropriation of profit	25.0	51 783.6	5 259.8	-	57 068.4

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Notes to the annual financial statements of the parent company as at 31 December 2012

4.1 ACCOUNTING AND VALUATION PRINCIPLES

GENERAL

Basic principles	This year's financial statement has been drawn up in accordance with the provisions of the National Bank Act (NBA) and the Swiss Code of Obligations (CO).
Changes from previous year	Compared with the previous year, there were no changes to the accounting and valuation principles, and no new balance sheet items were introduced. Balance sheet items registering no balance or movement during the reporting period and the previous year are not shown.
Recording of transactions	The business transactions of the Swiss National Bank (SNB) are recorded and valued on the day the transaction is concluded (trade date accounting). However, they are only posted on the value date. Transactions concluded by the balance sheet date with a value date in the future are stated under off-balance-sheet business.
Accrual accounting	Expenses are recognised in the financial year in which they are incurred, and income in the financial year in which it is earned.
Profit tax	Under art. 8 NBA, the SNB is exempt from taxation on profits. Tax exemption applies to both direct federal taxes and cantonal and municipal taxes.
Transactions with related parties	The rights of the SNB's shareholders are restricted by law. The shareholders cannot exert any influence on financial or operational decisions. Banking services provided to members of the executive management are carried out at normal banking industry conditions. No banking services are provided to members of the Bank Council.
Valuation principles	<p>BALANCE SHEET AND INCOME STATEMENT</p> <p>Gold holdings and negotiable financial instruments are stated in the balance sheet at fair value. Fair value reflects the price at which an asset could be exchanged or a liability settled between professional and independent parties. In a price-efficient and liquid market, fair value can be assessed on the basis of the relevant market price. If no such market exists, fair value will be determined on the basis of a valuation model.</p> <p>Tangible assets are stated at acquisition cost less required depreciation. Other items are stated at nominal value inclusive of accrued interest.</p>

Foreign currency positions are translated at year-end rates. Income and expenses in foreign currency are translated at the exchange rates applicable at the time when such income and expenses were posted to the accounts. All valuation changes are reported in the income statement.

Physical gold holdings consist of gold ingots and gold coins. The gold is stored at various locations in Switzerland and abroad. These holdings are stated at market value. Valuation gains and losses as well as sales proceeds are reported under net result from gold.

Gold holdings

In managing its investment portfolio, the SNB lends part of its gold holdings to first-class domestic and foreign financial institutions. It receives interest in return. Gold lending transactions are effected on a secured basis. The gold price risk remains with the SNB. Gold loans are entered in the balance sheet under claims from gold transactions and stated at market value inclusive of accrued interest. The valuation result and interest are stated under net result from gold.

Claims from gold transactions

In foreign currency investments, negotiable securities (money market instruments, bonds and equity instruments) as well as credit balances (sight deposits and call money, time deposits) and claims from foreign currency repo transactions are recorded. Securities, which make up the bulk of the foreign currency investments, are stated at market value inclusive of accrued interest, while credit balances are stated at nominal value inclusive of accrued interest. Gains and losses from revaluation at market value, interest earnings, dividends and exchange rate gains and losses are stated under net result from foreign currency positions.

Foreign currency investments

The management of foreign currency investments also includes securities lending transactions. Securities lent by the SNB from its own portfolio are secured by appropriate collateral. The SNB receives interest on the securities loaned. Loaned securities remain in the foreign currency investments item and are disclosed in the notes to the annual financial statements. Interest income from securities lending is stated under net result from foreign currency positions.

Foreign currency purchased through foreign exchange swaps as well as foreign currency repos concluded for investment purposes are also reported under this balance sheet item.

Reserve position in the IMF

The reserve position in the International Monetary Fund (IMF) consists of the Swiss quota less the IMF's sight balances at the SNB as well as of claims based on the GAB and NAB.

The quota is Switzerland's portion of the IMF capital, which is financed by the National Bank. It is denominated in Special Drawing Rights (SDRs), the IMF's currency. Part of the quota has not been transferred to the IMF, but remains in a sight deposit account. The IMF can dispose of these Swiss franc assets at any time.

With the GAB and NAB, the IMF can – in the event of a crisis and if its own resources are in short supply – draw on credit lines from participants in these arrangements. The SNB's undrawn credit lines are recorded as irrevocable undertakings under off-balance-sheet business.

The reserve position is stated at nominal value inclusive of accrued interest. The income from interest on the reserve position as well as the exchange rate gains and losses from a revaluation of this position are stated under net result from foreign currency positions.

International payment instruments

International payment instruments comprise the SDRs with the IMF. They include SDRs allocated to Switzerland as a member country as well as claims from the amended two-way arrangement with the IMF. Sight deposits in SDRs are stated at nominal value inclusive of accrued interest. They attract interest at market conditions. Interest expenses and exchange rate gains and losses are stated under net result from foreign currency positions.

The liability entered into by the allocation is stated under counterpart of SDRs allocated by the IMF on the liabilities side of the balance sheet.

Monetary assistance loans

Within the framework of its international cooperation activities, Switzerland may participate in the IMF's internationally coordinated, medium-term balance of payments assistance. This may take the form of a credit tranche or bilateral monetary assistance loans granted to countries with balance of payments problems. Currently outstanding claims include those granted under the commitment of loan resources to the interim Poverty Reduction and Growth Trust (PRGT). This is a fiduciary fund administered by the IMF which finances long-term loans at reduced interest rates to poor developing countries. The Confederation guarantees the interest and principal repayments both on the bilateral loans and on Switzerland's participation in the PRGT loan account. These loans are stated at nominal value inclusive of accrued interest. Interest earnings and exchange rate gains and losses are stated under net result from foreign currency positions.

The US dollar repo transactions stated in the balance sheet in 2011 were concluded in collaboration with other central banks. The claims are fully backed by collateral eligible for SNB repos and are stated at nominal value inclusive of accrued interest.

**Claims from US dollar
repo transactions**

The SNB uses repo transactions in Swiss francs to provide the Swiss franc money market with liquidity or to withdraw liquidity from it.

**Claims from Swiss franc
repo transactions**

Claims from repo transactions are fully backed by collateral eligible for SNB repos. They are stated at nominal value inclusive of accrued interest. Interest earnings are stated under net result from Swiss franc positions.

Swiss franc securities are made up exclusively of negotiable bonds. They are stated at market value inclusive of accrued interest. Valuation gains and losses and interest earnings are stated under net result from Swiss franc positions.

Swiss franc securities

As part of the package of measures aimed at strengthening the Swiss financial system introduced in autumn 2008, the SNB granted the stabilisation fund a secured loan. The loan is being paid down through partial repayments. Its total life can be extended in two stages from eight to twelve years. The loan is stated at nominal value inclusive of accrued interest less any value adjustments. The value adjustment is based on the difference between the loan's carrying amount (book value) and the estimated recoverable amount, with due account being taken of counterparty risk and the net proceeds from the realisation of any securities. Earnings components (interest income and currency translation effects) are stated under net result from foreign currency positions.

Loan to stabilisation fund

The loan is secured by stabilisation fund investments. In particular, these comprise assets backed by US residential and commercial mortgages. The portfolio also includes other financial instruments from the US, Europe and Japan backed by different types of assets. In addition, the SNB has an option (warrant) to purchase 100 million UBS shares at nominal value (CHF 0.10 per share) which it can exercise should the loan not be repaid in full.

Banknote stocks

Freshly printed banknotes which have not yet been put into circulation are recognised as assets at acquisition cost and stated under banknote stocks. Development costs that qualify for recognition as an asset also fall under this balance sheet item. At the time a banknote first enters into circulation, its cost is recognised as banknote expenses.

Tangible assets

Tangible assets comprise land and buildings, fixed assets under construction, software, and sundry tangible assets. For individual purchases, the minimum value for recognition as an asset is CHF 20,000. Other investment (projects) resulting in an increase in value is recognised as an asset from an amount of CHF 100,000. Tangible assets are valued at acquisition cost less required depreciation.

PERIOD OF DEPRECIATION

Land and buildings	
Land	No depreciation
Buildings (building structure)	50 years
Conversions (technical equipment and interior finishing work)	10 years
Fixed assets under construction ¹	No depreciation
Software	3 years
Sundry tangible assets	3–12 years

¹ Finished fixed assets are reclassified under the corresponding tangible assets category once they are in operational use.

The recoverable value is checked periodically. If this results in a decrease in value, an impairment loss is recorded. Scheduled and unscheduled depreciations are reported in the income statement under depreciation on tangible assets.

Profits and losses from the sale of tangible assets are stated under net result, other.

Participations

In principle, participations are valued at acquisition cost less required value adjustments. However, Orell Füssli Holding Ltd is treated as an associated company and the participation in this company is valued according to the equity method. Income from participations is stated under net result, other.

The SNB uses forward foreign exchange transactions (including foreign exchange swaps), foreign exchange options, credit derivatives, futures and interest rate swaps to manage its currency reserves. These are used to manage positioning with regard to shares, interest rates, credit risk and currencies (cf. also ‘Risks posed by financial instruments’, pp. 170–173).

Derivative financial instruments

Derivative financial instruments also include the liability arising from the option granted to UBS to purchase an equity interest in StabFund (GP) AG (GP purchase option) and the SNB’s right to purchase 100 million UBS shares (warrant). Also included is the right to request the repurchase of the stabilisation fund in the case of a change of control at UBS (repurchase option).

Whenever possible, derivative financial instruments are stated at market value. If no market value is available, a fair value is established in accordance with generally recognised mathematical finance methods. Positive or negative replacement values are stated under other assets or other liabilities respectively. The GP purchase option, the repurchase option and the warrant are stated at the lower of cost or market. Valuation changes are recorded in the income statement and stated under net result from foreign currency positions.

The SNB does not state accrued expenses and deferred income as separate items in its balance sheet. For materiality reasons, they are reported under other assets or other liabilities, and are disclosed in the notes to the accounts.

Accrued expenses and deferred income

The banknotes in circulation item shows the nominal value of all the banknotes issued from the current series as well as from recalled, still exchangeable series.

Banknotes in circulation

Sight deposits of domestic banks in Swiss francs form the basis on which the SNB steers monetary policy. They also facilitate the settlement of cashless payments in Switzerland. These sight deposits are non-interest-bearing accounts which are stated at nominal value.

Sight deposits of domestic banks

The National Bank holds an interest-bearing sight deposit account for the Confederation. Interest is payable for amounts up to a maximum of CHF 200 million. In addition, the Confederation may place time deposits with the SNB at market rates. The liabilities towards the Confederation are stated at nominal value inclusive of accrued interest. Interest expenses are recorded under net result from Swiss franc positions.

Liabilities towards the Confederation

Sight deposits of foreign banks and institutions	The SNB holds sight deposit accounts for foreign banks and institutions which facilitate payment transactions in Swiss francs. These sight deposits do not bear interest and are stated at nominal value.
Other sight liabilities	The main components in the other sight liabilities item are sight deposit accounts of non-banks, accounts of active and retired staff members and of the SNB's pension funds. They are stated at nominal value inclusive of accrued interest. Interest expenses are stated under net result from Swiss franc positions.
Liabilities from Swiss franc repo transactions	The SNB uses repo transactions in Swiss francs to provide the Swiss franc money market with liquidity or to withdraw liquidity from it. Liabilities arising from repo transactions are stated at nominal value inclusive of accrued interest. Interest expenses are stated under net result from Swiss franc positions.
SNB debt certificates	To absorb liquidity from the market, the National Bank can issue its own, interest-bearing debt certificates (SNB Bills) in Swiss francs. Money market management requirements dictate the frequency, term and amount of these issues. SNB Bills are valued at issue price plus cumulative discount accretion (i.e. the discount is amortised over the term of the issue). Interest expenses are stated under net result from Swiss franc positions.
Other term liabilities	In 2011, this balance sheet item contained additional term liabilities in Swiss francs, which arose from swap transactions with the US Federal Reserve. They are stated at nominal value inclusive of accrued interest. Interest expenses are stated under net result from Swiss franc positions.
Foreign currency liabilities	Foreign currency liabilities are comprised of different sight liabilities and short-term term liabilities as well as repo transactions related to the management of foreign currency investments. These repo transactions (temporary transfer of securities against sight deposits, with reverse settlement at maturity) result in an increase in the balance sheet total. On the one hand, the securities remain on the SNB's books, while on the other, the cash received as well as the obligation to repay it at maturity are stated in the balance sheet. Foreign currency liabilities of this kind are stated at nominal value inclusive of accrued interest. Interest expenses and exchange rate gains and losses are stated under net result from foreign currency positions.

This item comprises the liability vis-à-vis the IMF for the allocated Special Drawing Rights (SDRs). The counterpart item attracts interest at the same rate as the SDRs. Interest expenses and exchange rate gains and losses are stated under net result from foreign currency positions.

Counterpart of SDRs allocated by the IMF

For all identifiable obligations resulting from past events, provisions are recognised in accordance with the principle of prudent evaluation. Operating provisions comprise reorganisation provisions and other provisions. The reorganisation provisions consist mainly of financial undertakings to staff members in relation to early retirement.

Operating provisions

Art. 30 para. 1 NBA stipulates that the SNB set up provisions permitting it to maintain the currency reserves at the level necessary for monetary policy. In so doing, it must take into account economic developments in Switzerland. These special-law provisions are equity-like in nature and are incorporated in the 'Changes in equity' table (p. 135). The allocation is made as part of the profit appropriation. The Bank Council decides annually on the level of these provisions.

Provisions for currency reserves

With the exception of the dividend which – pursuant to the NBA – may not exceed 6% of the share capital, the Confederation and the cantons are entitled to the SNB's remaining profit after adequate provisions for currency reserves have been set aside. To achieve a steady flow of payments in the medium term, the annual profit distributions are fixed in advance for a certain period in an agreement concluded between the Federal Department of Finance and the SNB. The distribution reserve contains profits that have not yet been distributed. It is offset against losses and can therefore also be negative.

Distribution reserve

The SNB's pension plans comprise two staff pension fund schemes under the defined benefit system. Contributions are made by the National Bank and the employees. Ordinary employee contributions are 7% or 7.5% of the insured salary (depending on the employee's age) and those of the SNB are 14% or 15%. In accordance with Swiss GAAP FER 16, any share of overfunding or underfunding is shown on the assets side or reported as a liability.

Pension fund

Valuation rates

VALUATION RATES

	31.12.2012 CHF	31.12.2011 CHF	Change In percent
1 euro (EUR)	1.2074	1.2172	-0.8
1 US dollar (USD)	0.9129	0.9378	-2.7
100 yen (JPY)	1.0576	1.2149	-12.9
1 Canadian dollar (CAD)	0.9171	0.9198	-0.3
1 pound sterling (GBP)	1.4839	1.4581	+1.8
1 Australian dollar (AUD)	0.9476	0.9558	-0.9
100 Danish kroner (DKK)	16.1842	16.3768	-1.2
100 Swedish kronor (SEK)	14.0591	13.6694	+2.9
1 Singapore dollar (SGD)	0.7475	0.7232	+3.4
100 South Korean won (KRW)	0.0856	0.0813	+5.3
1 Special Drawing Right (SDR)	1.4031	1.4400	-2.6
1 kilogram of gold	48 815.02	47 472.70	+2.8

4.2 NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Item no. 01

GOLD HOLDINGS

Breakdown by type

	31.12.2012		31.12.2011	
	In tonnes	In CHF millions	In tonnes	In CHF millions
Gold ingots	1 001.0	48 862.1	986.0	46 809.4
Gold coins	39.0	1 905.5	39.0	1 853.1
Total¹	1 040.0	50 767.5	1 025.1	48 662.5

¹ For the overall total of gold, lent gold under item no. 02 must also be included.

CLAIMS FROM GOLD TRANSACTIONS

Item no. 02

	31.12.2012		31.12.2011	
	In tonnes	In CHF millions	In tonnes	In CHF millions
Claims from secured gold lending ¹	–	–	14.9	713.3
Claims on metal accounts	0.1	4.0	0.1	4.2
Total	0.1	4.0	15.0	717.5

¹ At end-2011, claims are secured by collateral eligible for repo transactions with a market value of CHF 787.4 million.

FOREIGN CURRENCY INVESTMENTS

Item no. 03

Breakdown by investment type in CHF millions

	31.12.2012	31.12.2011	Change
Sight deposits and call money	85 309.7	29 782.3	+55 527.4
Time deposits	–	–	–
Claims from repo transactions	5 012.6	3 249.8	+1 762.8
Money market instruments	942.1	1 086.6	–144.5
Bonds ¹	288 823.6	202 814.2	+86 009.4
Equities	52 120.9	20 571.2	+31 549.7
Total²	432 208.9	257 504.2	+174 704.7

¹ Of which CHF 641.0 million (2011: CHF 608.1 million) lent under securities lending operations.

² At end-2011, total includes investments in connection with foreign exchange swaps.

Breakdown by issuer and borrower category in CHF millions

	31.12.2012	31.12.2011	Change
Governments	278 160.6	195 533.5	+82 627.1
Monetary institutions ^{1,2}	87 515.4	31 408.0	+56 107.4
Corporations ²	66 532.9	30 562.6	+35 970.3
Total	432 208.9	257 504.2	+174 704.7

¹ BIS, central banks and multilateral development banks.

² Classification adjusted for 2011.

Breakdown by currency¹ in CHF millions

	31.12.2012	31.12.2011	Change
EUR	216 336.5	146 654.8	+69 681.7
USD	117 483.3	59 029.8	+58 453.5
JPY	34 494.9	21 546.6	+12 948.3
CAD	17 035.5	11 054.3	+5 981.2
GBP	28 798.4	10 941.5	+17 856.9
AUD	6 637.6	3 203.1	+3 434.5
DKK	4 335.7	1 990.3	+2 345.4
SEK	2 114.8	2 022.1	+92.7
SGD	2 298.5	1 061.1	+1 237.4
KRW	2 673.1	–	+2 673.1
Other	0.6	0.5	+0.1
Total	432 208.9	257 504.2	+174 704.7

¹ Excluding foreign exchange derivatives. For a breakdown by currency including foreign exchange derivatives, cf. 'Risks posed by financial instruments', pp. 170–173.

Item no. 04

RESERVE POSITION IN THE IMF

In CHF millions

	31.12.2012	31.12.2011	Change
Swiss quota in the IMF ¹	4 852.7	4 980.6	–127.9
Less: IMF's Swiss franc sight balances at the SNB	–3 854.5	–2 926.5	–928.0
Loan based on New Arrangements to Borrow (NAB) ²	1 806.0	1 080.4	+725.6
Total	2 804.2	3 134.5	–330.3

¹ SDR 3,458.5 million; change due entirely to exchange rates.

² For undrawn lending commitments, cf. item no. 27, p. 162.

MONETARY ASSISTANCE LOANS

Item no. 05

In CHF millions

	31.12.2012	31.12.2011	Change
PRGT loan facility ^{1,2}	–	–	–
Interim PRGT loan facility ¹	279.1	301.4	–22.3
Total	279.1	301.4	–22.3

1 Poverty Reduction and Growth Trust of the IMF.

2 For undrawn lending commitments, cf. item no. 27, p. 162.

SWISS FRANC SECURITIES

Item no. 06

Breakdown by borrower category in CHF millions

	31.12.2012	31.12.2011	Change
Governments	1 549.8	1 557.7	–7.9
Corporations	2 207.3	2 117.4	+89.9
Total	3 757.1	3 675.1	+82.0

Breakdown of governments borrower category in CHF millions

	31.12.2012	31.12.2011	Change
Swiss Confederation	893.5	868.8	+24.7
Cantons and municipalities	397.3	387.3	+10.0
Foreign states	259.0	301.6	–42.6
Total	1 549.8	1 557.7	–7.9

Breakdown of corporations borrower category in CHF millions

	31.12.2012	31.12.2011	Change
Domestic mortgage bond institutions	913.7	743.1	+170.6
Other domestic corporations ¹	73.3	74.9	–1.6
Foreign corporations ²	1 220.3	1 299.5	–79.2
Total	2 207.3	2 117.4	+89.9

1 International organisations with their head office in Switzerland and domestic corporations.

2 Banks, international organisations and other corporations.

Item no. 07

LOAN TO STABILISATION FUND

In CHF millions

	31.12.2012	31.12.2011	Change
Short-term receivables	0.0	0.4	-0.4
Loan in USD ¹	2 849.8	5 755.4	-2 905.6
Loan in EUR ¹	136.8	339.1	-202.3
Loan in GBP ¹	1 219.5	1 332.6	-113.1
Loan in JPY ¹	171.8	217.5	-45.7
Total²	4 378.0	7 644.9	-3 266.9

1 Interest charged at one-month Libor plus 250 basis points.

2 Owing to the financial situation of the stabilisation fund, the subordination agreement in the amount of USD 1.9 billion as reported in 2011 was rescinded.

Item no. 08

BANKNOTE STOCKS

In CHF millions

	Banknote stocks
As at 1 January 2011	110.9
Additions	38.7
Disposals	-19.8
As at 31 December 2011	129.8
As at 1 January 2012	129.8
Additions	18.6
Disposals	-22.8
As at 31 December 2012 ¹	125.6

1 Of which CHF 27.6 million in advance payments (2011: CHF 28.8 million).

TANGIBLE ASSETS

Item no. 09

In CHF millions

	Land and buildings ¹	Fixed assets under con- struction	Software	Sundry tangible assets ²	Total
Historical cost					
1 January 2012	489.4	8.1	38.5	61.2	597.2
Additions	144.5	–	7.1	9.2	160.8
Disposals	–	–	–6.1	–4.9	–11.0
Reclassified	8.1	–8.1	–	0.0	
31 December 2012	642.0	–	39.5	65.5	747.0
Cumulative value adjustments					
1 January 2012	198.0		24.8	49.0	271.8
Scheduled depreciation	19.5		9.8	5.0	34.4
Disposals			–6.1	–4.9	–10.9
Reclassified				0.0	
31 December 2012	217.5		28.6	49.2	295.2
Net book values					
1 January 2012	291.4	8.1	13.7	12.2	325.4
31 December 2012	424.6	–	11.0	16.3	451.8

1 Insured value: CHF 467.5 million (2011: CHF 397.5 million); additions from investments and acquisition of Metropol building in Zurich.

2 Insured value: CHF 56.8 million (2011: CHF 56.8 million).

Item no. 10

PARTICIPATIONS

In CHF millions

	Orell Füssli ¹	BIS ²	Other ³	Total
Equity interest	33%	3%		
Book value as at 1 January 2011	55.2	90.2	0.8	146.3
Investments	–	–	–	–
Divestments	–	–	–	–
Valuation changes	0.9	–	–	0.9
Book value as at 31 December 2011	56.1	90.2	0.8	147.2
Book value as at 1 January 2012	56.1	90.2	0.8	147.2
Investments	–	–	–	–
Divestments	–	–	–	–
Valuation changes	–5.5	–	–	–5.5
Book value as at 31 December 2012	50.6	90.2	0.8	141.6

1 Orell Füssli Holding Ltd, whose subsidiary Orell Füssli Security Printing Ltd produces Switzerland's banknotes.

2 The interest in the Bank for International Settlements (BIS) is held for reasons of monetary policy collaboration.

3 Including interests in StabFund (GP) AG and LiPro (LP) AG, each with a share capital of CHF 0.1 million.

Item no. 11

OTHER ASSETS

In CHF millions

	31.12.2012	31.12.2011	Change
Coins ¹	133.7	118.9	+14.8
Foreign banknotes	0.8	1.1	–0.3
Other accounts receivable	19.6	16.3	+3.3
Prepayments and accrued income	2.5	2.9	–0.4
Cheques and bills of exchange (collection business)	0.0	0.0	+0.0
Positive replacement values ²	110.7	238.1	–127.4
Total	266.7	377.2	–110.5

1 Coins acquired from Swissmint destined for circulation.

2 Unrealised gains on financial instruments and on outstanding spot transactions (cf. item no. 30, p. 165).

BANKNOTES IN CIRCULATION

Item no. 12

Breakdown by issue in CHF millions

	31.12.2012	31.12.2011	Change
8th issue	60 562.4	54 450.6	+6 111.8
6th issue ¹	1 239.0	1 278.3	-39.3
Total	61 801.4	55 728.9	+6 072.5

¹ Exchangeable at the SNB until 30 April 2020. The 7th banknote series, which was created as a reserve series, was never put into circulation.

LIABILITIES TOWARDS THE CONFEDERATION

Item no. 13

In CHF millions

	31.12.2012	31.12.2011	Change
Sight liabilities	8 008.1	4 647.5	+3 360.6
Term liabilities	1 000.0	1 000.0	-
Total	9 008.1	5 647.5	+3 360.6

OTHER SIGHT LIABILITIES

Item no. 14

In CHF millions

	31.12.2012	31.12.2011	Change
Sight deposits of non-banks ¹	66 656.8	28 199.2	+38 457.6
Deposit accounts ²	294.3	248.8	+45.5
Cheque liabilities ³	0.0	0.0	+0.0
Total	66 951.1	28 447.9	+38 503.2

¹ PostFinance, clearing offices, insurance corporations, etc.

² These mainly comprise accounts of active and retired employees, plus liabilities towards SNB pension schemes. Current account liabilities towards the latter amounted to CHF 59.4 million as at 31 December 2012 (2011: CHF 36.2 million).

³ Bank cheques drawn on the SNB but not yet cashed.

Item no. 15

FOREIGN CURRENCY LIABILITIES

In CHF millions

	31.12.2012	31.12.2011	Change
Sight liabilities	6.2	5.4	+0.8
Liabilities from repo transactions ¹	5 012.4	546.2	+4 466.2
Other foreign currency liabilities	–	0.1	–0.1
Total	5 018.7	551.6	+4 467.1

1 Relating to the management of foreign currency investments.

Item no. 16

OTHER LIABILITIES

In CHF millions

	31.12.2012	31.12.2011	Change
Other accounts payable	11.5	12.2	–0.7
Accrued liabilities and deferred income	15.8	8.1	+7.7
Negative replacement values ¹	166.0	134.8	+31.2
Total	193.2	155.1	+38.1

1 Unrealised losses on financial instruments and on outstanding spot transactions (cf. item no. 30, p. 165).

OPERATING PROVISIONS

Item no. 17

In CHF millions

	Provisions due to reorganisation	Other provisions	Total
Book value as at 1 January 2011	2.4	1.1	3.5
Formation	4.7	0.1	4.8
Release	-1.0	-0.1	-1.1
Write-back	-	-	-
Book value as at 31 December 2011	6.2	1.1	7.3
Book value as at 1 January 2012	6.2	1.1	7.3
Formation	-	-	-
Release	-1.7	-0.0	-1.7
Write-back	-	-0.1	-0.1
Book value as at 31 December 2012	4.5	1.0	5.5

SHARE CAPITAL

Item no. 18

Shares

	2012	2011
Share capital in CHF	25 000 000	25 000 000
Nominal value in CHF	250	250
Number of shares	100 000	100 000
Symbol/ISIN ¹	SNBN/CH0001319265	
Closing price on 31 December in CHF	1 028	947
Market capitalisation in CHF	102 800 000	94 700 000
Annual high in CHF	1 179	1 290
Annual low in CHF	940	915
Average daily trading volume in number of shares	24	44

¹ Listed in the Domestic Standard on SIX Swiss Exchange.

Breakdown of share ownership as at 31 December 2012

	Number of shares	In percentage of shares registered
2,170 private shareholders with a total of	35 011	39.87¹
Of which 1,857 shareholders with 1 – 10 shares each		
Of which 277 shareholders with 11 – 100 shares each		
Of which 18 shareholders with 101 – 200 shares each ²		
Of which 18 shareholders with over 200 shares each ²		
74 public law sector shareholders with a total of	52 799	60.13
Of which 26 cantons with a total of	38 981	
Of which 23 cantonal banks with a total of	13 358	
Of which 25 other public authorities and institutions with a total of	460	
Total 2,244 registered shareholders with a total of³	87 810⁴	100
Registration applications pending or outstanding for	12 190	
Total shares	100 000	

1 Legal entities: 12,586 shares (12.59%); private individuals: 22,425 shares (22.43%).

Private shareholders account for 20.33% of voting rights.

2 Voting rights are limited to 100 shares.

3 In 2012, the number of shareholders decreased by 15 and the number of registered shares increased by 3,298.

4 Of which 12,898 shares are in foreign ownership (accounting for 1.52% of voting rights).

Principal shareholders: Public law sector

	Number of shares	31.12.2012 Participation	Number of shares	31.12.2011 Participation
Canton of Berne	6 630	6.63%	6 630	6.63%
Canton of Zurich	5 200	5.20%	5 200	5.20%
Canton of Vaud	3 401	3.40%	3 401	3.40%
Canton of St Gallen	3 002	3.00%	3 002	3.00%

Principal shareholders: Private individuals¹

	31.12.2012		31.12.2011	
	Number of shares	Participation	Number of shares	Participation
Theo Siegert, Düsseldorf	5 995	6.00%	5 950	5.95%

¹ Subject to legal restrictions as a shareholder outside the public law sector (art. 26 NBA), i.e. voting rights are limited to 100 shares.

NET RESULT FROM GOLD

Item no. 19

Breakdown by type in CHF millions

	2012	2011	Change
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
Total	1 396.3	5 392.3	-3 996.0

NET RESULT FROM FOREIGN CURRENCY POSITIONS

Item no. 20

Breakdown by origin in CHF millions

	2012	2011	Change
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 ¹	83.1	167.9	-84.8
Total	4 719.7	7 963.1	-3 243.4

¹ Including interest income from the loan to the stabilisation fund.

Breakdown by type in CHF millions

	2012	2011	Change
Interest income ¹	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 and other fees	-7.9	-6.9	-1.0
Total	4 719.7	7 963.1	-3 243.4

1 Including interest income from the loan to the stabilisation fund.

Breakdown by overall net result by currency in CHF millions

	2012	2011	Change
EUR ¹	8 451.0	1 835.8	+6 615.2
USD ¹	-1 585.6	3 855.0	-5 440.6
JPY ¹	-2 923.4	632.0	-3 555.4
CAD	10.4	256.0	-245.6
GBP ¹	456.4	688.4	-232.0
AUD	57.3	374.2	-316.9
DKK	39.5	84.8	-45.3
SEK	92.5	145.8	-53.3
SGD	42.2	31.3	+10.9
KRW	138.9	-	+138.9
SDR	-51.6	66.8	-118.4
Other	-7.8	-6.9	-0.9
Total	4 719.7	7 963.1	-3 243.4

1 Including interest income from the loan to the stabilisation fund.

Breakdown by exchange rate gain/loss by currency in CHF millions

	2012	2011	Change
EUR ¹	-448.2	-2 098.2	+1 650.0
USD ¹	-4 810.4	424.0	-5 234.4
JPY ¹	-4 710.7	1 217.7	-5 928.4
CAD	-335.0	-97.9	-237.1
GBP ¹	-204.9	343.9	-548.8
AUD	-137.0	41.0	-178.0
DKK	-17.7	-15.2	-2.5
SEK	57.0	8.3	+48.7
SGD	18.3	-5.7	+24.0
KRW	81.5	-	+81.5
SDR	-70.9	58.2	-129.1
Other	0.0	0.0	+0.0
Total	-10 577.9	-123.9	-10 454.0

¹ Including exchange rate gains and losses from the loan to the stabilisation fund.

NET RESULT FROM SWISS FRANC POSITIONS

Item no. 21

Breakdown by origin in CHF millions

	2012	2011	Change
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
Total	101.1	-162.7	+263.8

Breakdown by type in CHF millions

	2012	2011	Change
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 and other fees	-4.5	-50.6	+46.1
Total	101.1	-162.7	+263.8

Item no. 22

NET RESULT, OTHER

In CHF millions

	2012	2011	Change
Commission income	11.1	11.1	+0.0
Commission expenses	-10.9	-10.3	-0.6
Income from participations	3.5	9.3	-5.8
Income from real estate	4.1	3.6	+0.5
Other income	3.3	81.2 ¹	-77.9
Total	11.1	94.8	-83.7

1 Of which CHF 77.6 million from sale of tangible assets (primarily from sale of premises in Geneva).

PERSONNEL EXPENSES

Item no. 23

Breakdown by type in CHF millions

	2012	2011	Change
Wages, salaries and allowances	103.2	96.1	+7.1
Social security expenses	21.8	20.6	+1.2
Other personnel expenses ¹	8.0	12.2	-4.2
Total	133.0	128.8	+4.2

1 Other social benefits, staff development expenses, training, recruitment, events, etc.

Remuneration for members of the Bank Council¹ in CHF thousands

	2012	2011	Change
Jean Studer, President as of 1 May 2012 ^{2,3}	131.2	72.8	+58.4
Hansueli Raggenbass, President (until 30 April 2012) ^{2,3}	59.5	147.8	-88.3
Olivier Steimer, Vice President as of 1 May 2012 ^{2,3}	67.3	50.6	+16.7
Gerold Bühler ^{2,4}	61.8	53.4	+8.4
Monika Bütler	45.0	45.0	-
Alfredo Gysi (as of 1 May 2011) ⁵	50.6	32.8	+17.8
Konrad Hummler (until 29 April 2011) ⁵	-	17.8	-17.8
Armin Jans (until 29 April 2011) ^{3,4}	-	17.8	-17.8
Daniel Lampart ⁵	50.6	47.8	+2.8
Christoph Lengwiler (as of 1 May 2012) ⁴	35.6	-	+35.6
Shelby Robert du Pasquier (as of 1 May 2012) ⁵	32.8	-	+32.8
Laura Sadis	45.0	45.0	-
Ernst Stocker ⁴	59.0	56.2	+2.8
Fritz Studer (until 30 April 2012) ⁴	34.6	67.4	-32.8
Cédric Pierre Tille (as of 29 April 2011) ³	56.2	30.0	+26.2
Total	729.2	684.4	+44.8

1 In accordance with SNB regulations; participation in committee meetings not held on the same day as Bank Council meetings is compensated at a rate of CHF 2,800 per day. Special assignments are also compensated at a rate of CHF 2,800 per day or CHF 1,400 per half-day.

2 Member of Compensation Committee.

3 Member of Nomination Committee.

4 Member of Audit Committee.

5 Member of Risk Committee.

Remuneration for members of executive management¹ (excluding employer social security contributions) in CHF thousands

	Salaries	Miscellaneous ²	2012 Total remuneration	2011 Total remuneration	Change
Three members of the Governing Board	2 609.1	238.5	2 847.6	2 631.8	+215.8
Thomas J. Jordan, Chairman ³ as of 18 April 2012	858.6	83.8	942.4	876.9	+65.5
Jean-Pierre Danthine, Vice Chairman as of 18 April 2012	858.6	28.1	886.7	876.9	+9.8
Fritz Zurbrügg as of 1 August 2012	357.7	14.8	372.5	–	+372.5
Philipp M. Hildebrand, Chairman until 9 January 2012 ⁶	534.2	111.8	646.0	878.1	–232.1
Three alternate members of the Governing Board ⁴	1 310.9	61.0	1 371.9	1 387.8	–15.9
Total	3 920.0	299.5	4 219.5	4 019.7	+199.8

Remuneration for members of executive management¹ (including employer social security contributions) in CHF thousands

	Total remuneration	Employer contributions to pension plans and Old Age and Survivors' Insurance Fund	2012 Total	2011 Total	Change
Three members of the Governing Board	2 847.6	922.2	3 769.8	3 203.5	+566.3
Thomas J. Jordan, Chairman ³ as of 18 April 2012	942.4	165.0	1 107.4	1 047.7	+59.7
Jean-Pierre Danthine, Vice Chairman as of 18 April 2012	886.7	202.2	1 088.9	1 106.9	–18.0
Fritz Zurbrügg as of 1 August 2012	372.5	453.0 ⁵	825.5	–	+825.5
Philipp M. Hildebrand, Chairman until 9 January 2012 ⁶	646.0	102.0	748.0	1 048.9	–300.9
Three alternate members of the Governing Board ⁴	1 371.9	276.9	1 648.8	1 679.1	–30.3
Total	4 219.5	1 199.1	5 418.6	4 882.6	+536.0

1 All remuneration is specified in SNB regulations (cf. also 'Corporate governance', pp. 114–115).

2 Representation expenses, General Abonnement travel card, jubilee benefits and further compensation in accordance with regulations.

3 Excluding remuneration in the amount of CHF 57,118 for serving as member of the Board of Directors at the BIS.

4 Excluding remuneration in the amount of CHF 34,956 for alternate member of the Governing Board serving as member of the Board at the Old Age and Survivors' Insurance Fund and at Orell Füssli Holding Ltd.

5 Including one-off pension plan buy-in.

6 Salary entitlement and compensation for restrictions following termination of employment relationship in accordance with regulations.

Like all employees, members of executive management are entitled to mortgage loans granted by the pension fund schemes and to preferential interest rates on the credit balances on SNB staff accounts. No additional remuneration as defined by art. 663b^{bis} para. 1 CO was paid.

Of the members of the Bank Council and executive management, Dewet Moser, Alternate Member of the Governing Board, held one SNB share as at 31 December 2012.

EMPLOYEE BENEFIT OBLIGATIONS¹

Item no. 24

Share of overfunding of pension plans² in CHF millions

	31.12.2012	31.12.2011	Change
Overfunding in accordance with Swiss GAAP FER 26 ²	80.4	62.0	+18.4
SNB's share of overfunding	–	–	–

1 Pension funds do not have any employer contribution reserves.

2 Overfunding is used in favour of the insured. The stated overfunding unaudited at the time of reporting.

Employee benefit expenses in CHF millions

	2012	2011	Change
Employer contributions	14.5	13.6	+0.9
Change in share of overfunding	–	–	–
Employee benefit expenses as part of personnel expenses	14.5	13.6	+0.9

GENERAL OVERHEADS

Item no. 25

In CHF millions

	2012	2011	Change
Premises	12.7	13.5	–0.8
Maintenance of mobile tangible assets and software	14.7	13.4	+1.3
Consulting and other third-party support	22.7	17.8	+4.9
Administrative expenses	16.9	15.6	+1.3
Contributions ¹	8.6	7.2	+1.4
Other general overheads	6.1	5.7	+0.4
Total	81.7	73.1	+8.6

1 Mainly contributions towards the Study Center Gerzensee (SNB foundation).

Item no. 26

4.3 NOTES REGARDING OFF-BALANCE-SHEET BUSINESS

LIQUIDITY-SHORTAGE FINANCING FACILITY

The liquidity-shortage financing facility is a credit line for eligible counterparties to bridge unexpected short-term liquidity bottlenecks. Liquidity can be drawn by way of special-rate repo transactions. The maximum amounts that can be drawn are stated.

In CHF millions

	31.12.2012	31.12.2011	Change
Lending commitment	33 694.5	32 889.5	+805.0
Of which drawn down	–	–	–
Of which not drawn down	33 694.5	32 889.5	+805.0

Item no. 27

COMMITMENTS TO THE IMF

Commitments to the IMF include irrevocable lending commitments and other commitments which the SNB has granted to the IMF in the context of international cooperation. The maximum liabilities arising from these are stated.

Overview: Undrawn credit lines and commitments to the IMF in CHF millions

	31.12.2012	31.12.2011	Change
General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB)	13 495.4	14 622.9	–1 127.5
Loan facility to PRGT	701.6	720.0	–18.4
Total undrawn credit lines	14 197.0	15 342.9	–1 145.9
International payment instruments (two-way arrangement)	2 671.0	2 480.7	+190.3
Total	16 867.9	17 823.5	–955.6

Details: General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB)¹ in CHF millions

	31.12.2012	31.12.2011	Change
Lending commitment ²	15 301.4	15 703.3	-401.9
Of which drawn down	1 806.0	1 080.4	+725.6
Of which not drawn down	13 495.4	14 622.9	-1 127.5

1 Maximum lending commitments totalling SDR 10,905 million, arising from liabilities from GAB and NAB, in favour of the IMF for special cases; without a federal guarantee (cf. accountability report, chapter 7.2). The GAB in the amount of SDR 1,020 million can only be activated if agreement has not been reached under the NAB. In 2011, the GAB and NAB were stated together; the year-earlier figures have been adjusted.

2 Change due entirely to exchange rates.

Details: Loan facility to PRGT¹ in CHF millions

	31.12.2012	31.12.2011	Change
Lending commitment ²	701.6	720.0	-18.4
Of which drawn down	-	-	-
Of which not drawn down	701.6	720.0	-18.4

1 Poverty Reduction and Growth Trust; limited-term lending commitment to the IMF's trust fund amounting to SDR 500 million (cf. item no. 05, p. 147) with federally guaranteed repayment of principal and payment of interest.

2 Change due entirely to exchange rates.

Details: International payment instruments (two-way arrangement¹) in CHF millions

	31.12.2012	31.12.2011	Change
Commitment ²	2 306.7	2 367.3	-60.6
SDRs purchased	-	-	-
SDRs sold	364.3	113.4	+250.9
Total commitment ³	2 671.0	2 480.7	+190.3

1 The SNB has committed to purchase or sell SDRs against foreign currencies (USD, EUR) up to an agreed maximum of SDR 1,644 million (p. 138).

2 Change due entirely to exchange rates.

3 The maximum purchase commitment arising from this is stated.

Item no. 28

OTHER OBLIGATIONS NOT CARRIED ON BALANCE SHEET

In CHF millions

	31.12.2012	31.12.2011	Change
Additional funding for the BIS ¹	90.6	93.0	-2.4
Liabilities from long-term rental, maintenance and leasing contracts	52.4 ²	13.4	+39.0
Contingent liabilities from procurement of banknotes	62.5	66.9	-4.4
Loan commitment to stabilisation fund ³	750.0	810.6	-60.6
Total	955.5	983.9	-28.4

1 BIS shares are 25% paid up. The additional funding obligation is stated in SDRs.

2 Including leasehold interest on Metropol building in Zurich.

3 Funding commitment for contingent liabilities of the stabilisation fund.

Item no. 29

ASSETS PLEDGED OR ASSIGNED AS COLLATERAL FOR SNB LIABILITIES

In CHF millions

	Book value	31.12.2012 Liabilities or amount drawn down	Book value	31.12.2011 Liabilities or amount drawn down
Foreign currency investments in USD	42.9	–	47.7	–
Foreign currency investments in EUR	5 364.8	5 012.4	789.8	546.2
Securities in CHF	–	–	20.2	–
Total¹	5 407.7	5 012.4	857.7	546.2

1 Collateral lodged primarily in connection with repo and futures transactions.

OUTSTANDING FINANCIAL INSTRUMENTS¹

Item no. 30

In CHF millions

	Contract value	31.12.2012		Contract value	31.12.2011	
		Replacement value Positive	Negative		Replacement value Positive	Negative
Interest rate instruments	15 989.1	98.7	91.0	13 621.9	59.9	54.7
Repo transactions in CHF ²	200.0	–	–	10 000.0	–	–
Repo transactions in foreign currency ²	295.0	–	–	–	–	–
Forward contracts ¹	688.9	0.3	0.6	207.0	0.0	0.1
Interest rate swaps	1 451.1	98.3	90.2	1 087.1	59.5	54.3
Futures	13 354.1	0.1	0.2	2 327.8	0.4	0.4
Foreign exchange	5 630.6	6.5	71.4	31 278.0	173.4	78.3
Forward contracts ^{1,3}	5 126.9	6.5	70.3	31 086.8	173.4	77.9
Options	503.7	–	1.1	191.2	–	0.4
Equities/indices	1 771.6	0.4	0.1	1 184.0	0.3	0.1
Forward contracts ¹	1.2	0.2	0.0	–	–	–
Futures	1 770.4	0.2	0.1	1 184.0	0.3	0.1
Credit instruments	1 462.0	5.0	2.1	41.2	4.5	0.2
Credit default swaps	1 462.0	5.0	2.1	41.2	4.5	0.2
Stabilisation fund options	6 922.4	–	1.4	9 373.2⁸	–	1.4
Warrant ⁴	10.0	–	–	10.0	–	–
GP purchase option ⁵	1.5	–	1.4	1.5	–	1.4
Repurchase option ⁶	6 910.8	–	–	9 361.7 ⁸	–	–
Total⁷	31 775.6	110.7	166.0	55 498.3⁸	238.1	134.8

1 Including spot transactions with value date in the new year.

2 Only transactions with the value date in the new year.

3 Including forward contracts to finance the loan to the stabilisation fund.

4 The warrant represents the right to purchase 100 million UBS shares at a nominal value of CHF 0.10 should the loan not be repaid in full.

5 The SNB granted UBS the option to take over the share capital of StabFund (GP) AG, and with it two shares (out of a total of 6,000 shares) in SNB StabFund Limited Partnership for Collective Investment.

6 The SNB has the right to request the repurchase of the stabilisation fund in the case of a change of control at UBS. The contract value represents the outstanding loan plus half of the stabilisation fund's net asset value and the equity of StabFund (GP) AG.

7 For the outstanding contracts, the counterpart item to the replacement values is stated directly in the income statement.

8 Restated.

Item no. 31

FIDUCIARY INVESTMENTS

Fiduciary business covers investments which the SNB makes in its own name but on the basis of a written contract exclusively for the account of and at the risk of the counterparty (mainly the Confederation). The transactions are stated at nominal value inclusive of accrued interest.

In CHF millions

	31.12.2012	31.12.2011	Change
Fiduciary investments for the Confederation	514.8	335.7	+179.1
Other fiduciary investments	3.1	1.3	+1.8
Total	517.9	337.0	+180.9

4.4 INTERNAL CONTROL SYSTEM

GENERAL

Aim and purpose

The internal control system (ICS) covers all the structures and processes which contribute to fulfilling the SNB's statutory mandate pursuant to art. 5 NBA, as well as the objectives derived from them, and which ensure the orderly conduct of operations.

Control environment

The SNB's structure and organisation are defined by law and internal regulations (cf. cross reference tables, pp. 115–116).

The Bank Council oversees the conduct of business by the Enlarged Governing Board, in particular with regard to compliance with laws, regulations and directives. It regulates the organisation of accounting, financial control and financial planning. It takes note of resource management strategies and initiates regular reviews of these. It supervises the activities of the internal and external auditors and assesses the effectiveness of the ICS. The Enlarged Governing Board approves the strategies for the SNB's business operations, including resource strategies. The Board of Deputies is responsible for the implementation of these strategies, and, to this end, issues internal directives. It ensures coordination in all operational matters of interdepartmental importance.

Control activities

The departments and organisational units define their structures and procedures so as to ensure that the targets set are reached and their tasks are carried out in an orderly and efficient manner. With the help of appropriate control and governance processes, they monitor the achievement of objectives and the operational risk.

The departments and organisational units ensure that reporting is both appropriate and timely. To this end, communication channels are defined that are generally supported by IT tools.

Information and communication

All regulations can be viewed on the SNB intranet and are thus available to all employees.

The department heads ensure proper implementation of the ICS and regularly determine its status at the organisational units reporting to them.

Supervision

The Bank Council's Audit Committee supports the Council in supervising financial accounting and financial reporting. In addition, it assesses the effectiveness of the ICS and supervises the activities of the external and internal auditors.

The Internal Auditors unit is responsible for auditing the SNB's business activities. The unit is accountable to the Bank Council's Audit Committee. It reports regularly on its results pertaining to the accounting records, financial reporting, the ICS and compliance.

ICS FOR PROCESSES OF RELEVANCE TO THE FINANCIAL STATEMENTS (ART. 728A PARA. 1 (3) CO)

In addition to the general ICS measures, the SNB also has a broad range of control mechanisms at its disposal for the prevention or early identification of errors in financial reporting (accounting procedures, bookkeeping). This ensures that the SNB's financial position is correctly reported. The various controls performed for this purpose together make up the 'Internal control system for processes of relevance to the financial statements', which is managed by Central Accounting.

The components of this ICS are documented in accordance with a uniform template. All of the key monitoring steps are set out in the documentation. The control process managers at the SNB's various organisational units confirm in writing that the measures set out in the documentation are effective and operational. They must state reasons for any defects or deviations. The documentation is used by Central Accounting as a control instrument when the unit is preparing the financial statements.

For audits with financial control objectives, the Internal Auditors unit takes the ICS documentation for processes of relevance to the financial statements into account. It conducts spot checks to ascertain whether the key controls have been performed. The confirmations issued by the control process managers and the remarks of the Internal Auditors unit are communicated to the Enlarged Governing Board and the Audit Committee of the Bank Council once a year, and, among other things, are used by the Audit Board as a basis for its confirmation in accordance with art. 728a para. 1 (3) CO.

4.5 RISK MANAGEMENT

GENERAL

Risks In fulfilling its statutory mandate, the SNB incurs various financial risks. It makes a distinction between market, credit, country and liquidity risks. In addition, it is exposed to operational risk. The National Bank considers the following to be an operational risk: the risk of damage to employees, financial damage or reputational damage as a result of inadequate internal processes, incorrect reporting, disregard of regulations, misconduct by staff members, technical failures or the impact of external events.

RISK MANAGEMENT AND CONTROL (ART. 663B (12) CO)

Oversight The Bank Council oversees and monitors the conduct of business by the SNB. It is responsible for assessing risk management and for approving the related processes. The business agenda is prepared by two committees of the Bank Council: the Risk Committee and the Audit Committee. These monitor the organisational structure of financial and operational risk management.

The 2011 business reports on financial risk and the current situation with regard to the internal control system and operational risk were approved by the Bank Council at its meeting of 2 March 2012. In addition, at their meetings, the Bank Council and the Audit and Risk Committees regularly gave detailed attention to the risks and the financial situation related to stabilisation fund developments. Further information about the Bank Council and its committees can be found in ‘Corporate governance’ (pp. 111–113).

Risk strategy The Governing Board approves the strategic guidelines for the investment of assets. In doing so, it determines the framework for the financial risks associated with investments.

The Enlarged Governing Board has strategic responsibility for the management of operational risk. It defines risk policies and the operational risk guidelines for risk management.

The investment policy and investment strategy is reviewed each year by the Governing Board. Department III is responsible for its implementation.

Organisation with regard to financial risk

Financial risk is continuously monitored by the Risk Management unit in Department II. Each quarter, the Governing Board discusses the investment activities and the results of risk control. The detailed risk reports are discussed by the Risk Committee of the Bank Council; the annual report on financial risk is discussed by the Bank Council. Details of the investment and risk control process can be found in chapter 5 of the accountability report.

Operational risk is monitored by the Operational Risk and Security unit in Department II. The Board of Deputies is responsible for the management and control of operational risk. It prepares the strategic guidelines, is responsible for their implementation throughout the SNB and ensures appropriate reporting to the Enlarged Governing Board. The Audit Committee discusses the business report on the management of operational risk before the Bank Council takes note of it. The Risk Committee and the Audit Committee are jointly responsible for monitoring operational risk arising from the SNB's investment activities.

Organisation with regard to operational risk

The department heads ensure implementation of the operational risk guidelines in their organisational units. The line managers are responsible for the assumption and management of operational risk.

The organisation of compliance at the SNB ranges over several hierarchical levels, from executive and line management to staff units. The central office is a newly-created Compliance unit, which reports directly to the Chairman of the Governing Board. Compliance supports and advises executive management, line managers and staff in the identification and monitoring of compliance risks that arise due to the disregard of appropriate rules of conduct or lack of such rules. In addition, it makes sure that compliance reporting is both timely and appropriate to hierarchical levels. This reporting covers both the state of compliance and infringements against the rules of conduct. In the event of significant infringements on the part of members of the Enlarged Governing Board, Compliance reports directly to the President of the Bank Council.

Compliance

The Bank Council approves the principles of the organisation of Compliance and assesses the state of compliance on a regular basis. The Audit Committee assesses the procedures for monitoring compliance with laws, regulations and directives. Compliance reports annually to the Audit Committee and the Bank Council on the most important compliance risks, the state of compliance and measures for further development. Finally, the Compliance unit may, if necessary, approach the Chairman of the Audit Committee of the Bank Council, or where required, the President of the Bank Council at any time.

The following table provides an overview of the organisation of risk management.

ORGANISATION OF RISK MANAGEMENT

	Oversight	Strategy	Implementation and supervision
Financial risk	Risk Committee of Bank Council, Bank Council	Governing Board	Risk Management unit
Operational risk	Audit Committee and Risk Committee of Bank Council, Bank Council	Enlarged Governing Board	Board of Deputies, Operational Risk and Security unit
Compliance risk	Audit Committee of Bank Council, Bank Council	Bank Council, Enlarged Governing Board (Code of Conduct)	Compliance unit

RISKS POSED BY FINANCIAL INSTRUMENTS

According to the SNB's statutory mandate, asset management is governed by the primacy of monetary policy and is carried out according to the criteria of security, liquidity and return. When implementing its monetary and investment policies, the SNB enters into a variety of financial risks. Owing to the financial crisis, the range and volume of the National Bank's portfolio of investments was expanded. A significant risk factor has been the very sharp rise in foreign currency investments since 2009.

Risks incurred by the SNB

Market risk

The main risk to investments is market risk, i.e. risks related to exchange rates, the gold price, share prices and interest rates. These risks are primarily managed through diversification.

The SNB holds its currency reserves in the form of foreign currency investments and gold, thereby ensuring that it has room for manoeuvre in its monetary policy at all times. Owing to their marked fluctuations, exchange rates and the gold price are the principal risk factors for the investments. Foreign exchange derivatives are also used to manage currency weightings within foreign currency investments.

Exchange rate and gold price risk

Interest rate risk is of less significance to the SNB's investments than foreign exchange and gold price risk. Movements in market interest rates affect the market value of fixed income financial investments. The longer the maturity of a fixed income investment, the higher its interest rate risk. Interest rate risk is limited through the specification of benchmarks and management guidelines. Various means, including the use of derivative instruments such as interest rate swaps and futures, are used to manage these risks.

Interest rate risk

BALANCE SHEET BY CURRENCY

In CHF millions

	CHF	Gold	USD	EUR	Other	Total
Gold holdings		50 768				50 768
Claims from gold transactions		4				4
Foreign currency investments			117 483	216 336	98 389	432 209
Reserve position in the IMF					2 804	2 804
International payment instruments					4 249	4 249
Monetary assistance loans					279	279
Claims from Swiss franc repo transactions	–					–
Swiss franc securities	3 757					3 757
Loan to stabilisation fund			2 850	137	1 391	4 378
Sundry	865		9	107	5	986
Total assets as per balance sheet	4 622	50 772	120 342	216 581	107 118	499 434
Total liabilities as per balance sheet	–489 637		–26	–5 128	–4 643	–499 434
Foreign exchange derivatives (net) ¹	–105		1 278	–1 241	7	–62
Net exposure on 31 December 2012	–485 120	50 772	121 594	210 212	102 482	–62
Net exposure on 31 December 2011	–316 094	49 375	67 794	143 460	55 506	42

1 Delivery claims and delivery obligations from spot and forward foreign exchange transactions.

INTEREST-BEARING INVESTMENTS

As at 31 December

	Duration	Market value	2012 PVBP ¹	Duration	Market value	2011 PVBP ¹
	In years	In CHF millions	In CHF millions	In years	In CHF millions	In CHF millions
Gold lending		–			717	
Investments in CHF ²	6.6	3 757	2	6.1	3 675	2
Investments in USD ³	4.3	101 145	43	4.3	51 809	22
Investments in EUR ³	2.5	199 271	48	3.2	140 740	45
Investments in other currencies ³	4.0	79 672	32	3.9	44 385	16

1 Price value of a basis point (PVBP); change in market value per basis point of parallel shift in the yield curve.

2 Excluding repos.

3 Including investments in connection with foreign exchange swaps.

Share price risk

Investments in shares are made in order to optimise the risk/return profile. A passive equity investment strategy is used, with replication of broad-based indices.

Total market risk

Risk is managed and mitigated by means of a system of reference portfolios, guidelines and limits. All relevant financial risks on investments are identified, assessed and monitored continuously. Risk measurement is based on standard risk indicators and procedures. In addition to these procedures, sensitivity analyses and stress tests are carried out on a regular basis. The SNB's comparatively long-term investment horizon is taken into account in the risk analyses.

Default risk: credit risk relating to regular financial instruments

Credit risk results from the possibility that counterparties or other issuers of securities will fail to meet their obligations. The SNB incurs credit risk through its investments in securities and through over-the-counter (OTC) business with banks. Further credit risk is caused by commitments to the IMF that are not guaranteed by the Confederation.

The SNB manages its credit risk with respect to counterparties through a system of limits that restricts the aggregated exposure for all OTC business. OTC business is carried out with counterparties that have a minimum average rating of A from the leading rating agencies. Furthermore, the replacement values of derivatives are generally secured by collateral. At around CHF 2.3 billion, the SNB's total unsecured exposure – which is largely composed of bonds – to the international banking sector at the end of 2012 was slightly higher than the previous year (CHF 2.0 billion) and came to roughly 0.5% of the foreign exchange reserves. For issuers of bonds, a minimum rating of 'investment grade' is required. Exposure to individual issuers is limited by means of concentration limits. The rating allocation for investments is commented on in chapter 5 of the accountability report. Credit risk is only a small part of the total risk.

A credit risk is inherent in the loan to the stabilisation fund. It is the risk that the fund's assets serving as collateral could depreciate to such an extent that the full amount of the SNB loan is no longer fully covered.

Default risk: credit risk from the stabilisation fund

Additional information on the stabilisation fund can be found in chapter 6.7 of the accountability report.

Country risk arises from the possibility that a country may hinder payments by borrowers domiciled in its sovereign territory or block the right to dispose of assets held there. In order to avoid entering into any unbalanced country risks, the SNB endeavours to distribute assets among a number of different depositories and countries.

Country risk

The SNB's liquidity risk relates to the danger that, should investments in foreign currencies need to be sold, such sales could be effected only partially or after considerable price concessions. The restricted marketability of the investments may be due to technical or market disruptions, or to regulatory changes. By holding a large number of liquid government bonds in the major currencies – euros and US dollars – the SNB ensures a high level of liquidity for its foreign exchange reserves. Liquidity risk is reassessed periodically.

Liquidity risk

5

Report of the Audit Board for the General Meeting of Shareholders

As statutory auditor, we have audited the financial statements of the Swiss National Bank, which comprise the balance sheet, income statement and notes (pp. 131–173) for the year ended 31 December 2012.

Bank Council's responsibility

The Bank Council is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. 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 Bank Council is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these 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.

In our opinion, the financial statements for the year ended 31 December 2012 comply with the provisions of the Federal Act on the Swiss National Bank and with Swiss law.

Opinion

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and on independence (art. 728 CO, art. 47 NBA and art. 11 AOA), and that there are no circumstances incompatible with our independence.

Report on other legal requirements

In accordance with art. 728a para. 1 item 3 CO and the 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 Bank Council.

We further confirm that the proposed appropriation of available earnings complies with the provisions of the Federal Act on the Swiss National Bank and with Swiss law. We recommend that the financial statements submitted to you be approved.

PRICEWATERHOUSECOOPERS LTD

THOMAS ROMER
Audit expert
Auditor in charge

CHRISTIAN MASSETTI
Audit expert

Zurich, 1 March 2013