

Banks in Switzerland 2016

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK



Banks in Switzerland 2016

Volume 101

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Banks in Switzerland 2016

This publication contains data on the individual financial statements of banks (parent companies) as required by law. In the case of the big banks, in particular, these statements may deviate from the group financial statements. The breakdown of the banks' balance sheets and income statements is subject to the accounting rules issued by FINMA for banks, securities dealers, financial groups and conglomerates (ARB, FINMA-Circ. 15/01).¹

¹ Individual financial statements as required by law (parent company) relate to the business conducted by the banks' registered offices in Switzerland and their legally dependent domestic and foreign branches. Consolidated financial statements, by contrast, also include business conducted by the banks' legally independent subsidiaries in Switzerland and in other countries (banks and non-banks). Further information on the reporting entities and the accounting rules can be found at <https://data.snb.ch>, Notes, Banks.

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Preliminary remarks

The Credit Suisse Group was restructured in 2016. This had an impact on the number of banks in the big banks category, on various balance sheet positions and on fiduciary transactions.

Number of banks in the big banks category: Credit Suisse (Switzerland) Ltd. was established as a wholly owned subsidiary of Credit Suisse AG and took over the banking relationships of clients domiciled in Switzerland from the parent company. As a result, the big banks category now comprises four institutions (UBS Inc., UBS Switzerland AG, Credit Suisse AG and Credit Suisse (Switzerland) Ltd.).

Balance sheet and fiduciary transactions: The published data now also include the financial linkages between Credit Suisse AG and Credit Suisse (Switzerland) Ltd. This has led to an increase in the amounts due from/to banks, participations and the statutory capital reserve.¹

In aggregate, amounts due from banks and amounts due to banks each rose by CHF 26.0 billion.² Year-on-year, however, the restructuring effect was partly offset by other developments in these balance sheet items. Owing to the restructuring, domestic participations and capital reserves each advanced by CHF 11.0 billion.² This amount represents the difference between the assets and liabilities transferred in connection with the restructuring. It is booked as statutory capital reserve in the case of Credit Suisse (Switzerland) Ltd., and as equity capital in the case of Credit Suisse AG. Besides the above-mentioned balance sheet positions, an increase was also registered for accounting reasons in aggregate fiduciary assets and fiduciary liabilities.

¹ Notes can be found at <https://data.snb.ch>, Notes, Banks, Developments.

² Cf. Annual Report 2016, Credit Suisse Group AG & Credit Suisse AG, 'Parent company financial statement – Credit Suisse (Bank)'.

Table 1

KEY FIGURES

	2016	2015 ¹	Year-on-year change
Number of banks	261	266	–5
Balance sheet total (in CHF millions)	3 100 831	3 026 117	+2.5%
Operating result (in CHF millions)	7 929	6 857	+15.6%
Profit/loss ² (result of the period, in CHF millions)	7 901	15 788	–50.0%
Fiduciary transactions (in CHF millions)	121 003	114 016	+6.1%
Securities holdings in bank custody accounts ³ (in CHF millions)	5 654 117	5 587 887	+1.2%
Number of staff (in full-time equivalents)	120 843	123 890	–3 047

¹ Figures may have been revised since their inclusion in last year's publication.

² Individual banks' profits and losses are offset against each other.

³ At offices in Switzerland. Securities held by branches abroad are not included.

Source: SNB

Table 2

KEY FIGURES BY BANK CATEGORY 2016

	Number of banks	Balance sheet total In CHF millions	Operating result In CHF millions	Profit/loss (result of the period) ¹ In CHF millions	Fiduciary transactions In CHF millions	Number of staff ² In full-time equivalents
All banks in Switzerland						
2012	297	2 778 284	3 929	186	137 747	128 904
2013	283	2 849 157	7 627	10 517	120 736	127 133
2014	275	3 041 720	4 371	7 370	115 083	125 289
2015	266	3 026 117	6 857	15 788	114 016	123 890
2016	261	3 100 831	7 929	7 901	121 003	120 843
Cantonal banks						
2012	24	482 278	3 101	2 369	1 998	17 399
2013	24	495 555	2 939	2 300	1 906	17 222
2014	24	522 628	3 121	2 298	1 293	17 150
2015	24	537 441	3 253	2 741	1 160	17 360
2016	24	553 231	3 312	2 783	1 157	17 293
Big banks						
2012	2	1 364 750	-3 683	-6 462	14 246	58 431
2013	2	1 322 279	2 174	3 818	11 968	54 771
2014	2	1 460 240	836	4 756	10 529	53 410
2015	3	1 424 231	667	10 175	17 984	53 016
2016	4	1 454 808	592	1 793	26 388	50 399
Regional banks and savings banks						
2012	66	104 307	486	397	79	4 160
2013	64	106 426	414	349	71	3 997
2014	63	108 954	492	391	57	3 938
2015	62	113 076	554	422	25	3 836
2016	62	116 141	570	418	22	3 845
Raiffeisen banks						
2012	1	164 670	665	605	6	8 216
2013	1	173 619	860	699	17	8 266
2014	1	185 703	882	743	16	8 406
2015	1	202 412	913	727	2	8 807
2016	1	215 262	840	736	15	8 868
Stock exchange banks						
2012	47	125 344	686	769	21 842	9 432
2013	47	139 992	108	245	19 158	10 709
2014	47	206 694	908	741	37 802	13 996
2015	44	210 049	155	314	39 091	14 010
2016	43	226 295	1 187	1 103	39 586	14 836

	Number of banks	Balance sheet total In CHF millions	Operating result In CHF millions	Profit/loss (result of the period) ¹ In CHF millions	Fiduciary transactions In CHF millions	Number of staff ² In full-time equivalents
Other banking institutions						
2012	13	69 143	530	379	1 726	3 546
2013	14	188 306	806	660	1 709	6 979
2014	13	196 644	815	630	1 762	7 072
2015	14	198 580	1 079	856	1 793	7 933
2016	14	205 693	1 221	946	1 610	7 849
Private bankers						
2012	13	61 768	317	214	20 757	4 198
2013	11	65 636	350	180	20 989	4 177
2014	7	7 407	79	55	1 087	599
2015	7	6 699	51	48	1 158	614
2016	6	5 942	62	43	1 131	519
Foreign-controlled banks						
2012	103	311 902	1 537	1 755	72 101	22 054
2013	93	278 692	-111	2 242	64 347	19 972
2014	91	294 203	-2 942	-2 426	62 117	19 662
2015	85	260 962	-1	416	52 137	17 231
2016	81	247 542	-215	-148	50 761	16 137
Branches of foreign banks						
2012	28	94 121	291	160	4 992	1 469
2013	27	78 652	87	25	570	1 040
2014	27	59 248	181	181	419	1 057
2015	26	72 667	187	88	666	1 084
2016	26	75 917	360	227	332	1 095

1 Individual banks' annual profit and annual loss are offset against each other.

2 Part-time jobs, apprenticeships and trainee posts are weighted.

Source: SNB

In 2016, the number of banks in Switzerland again declined, from 266 to 261. While two new banks were included in the banking statistics, seven were removed.

The two fresh inclusions were due to the establishment of one new bank each in the categories of big banks and branches of foreign banks. The removals affected the following categories: foreign-controlled banks (–4), stock exchange banks (–2) and branches of foreign banks (–1). Reasons for the removals were two acquisitions by other

banks, one liquidation, three instances where the bank lost its status as a bank, and the closure of one bank. Furthermore, one bank was reclassified to another category (from private bank to stock exchange bank).

These modifications have an impact on the aggregates of several of the bank categories concerned, including the big banks (cf. ‘Preliminary remarks’ section) and foreign-controlled banks.

Table 3

NUMBER OF BANKS

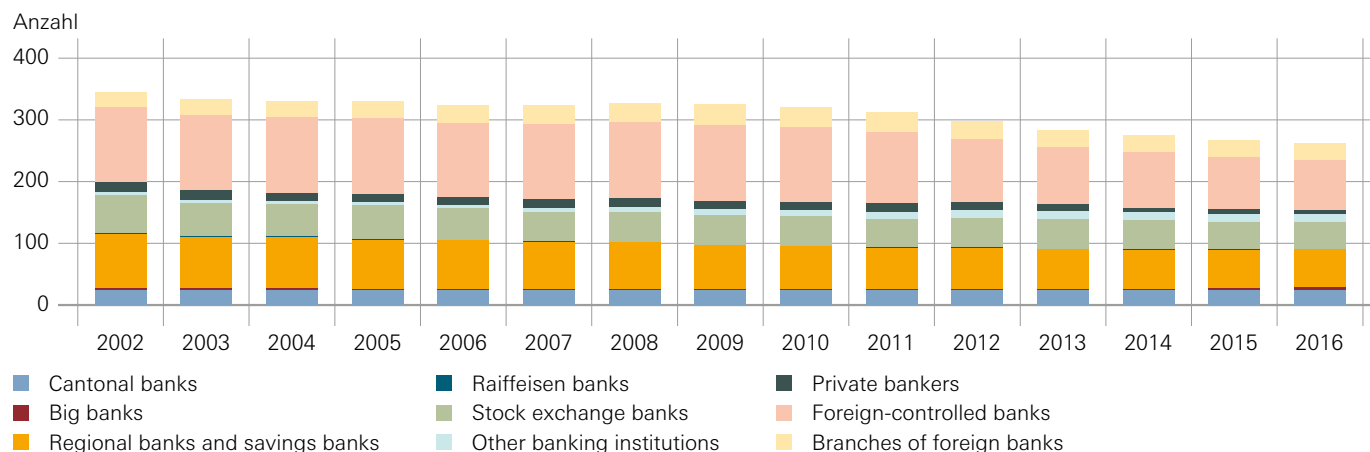
	Total at 31.12.2015	Additions	Change of bank category (reclassification)	Removals	Total at 31.12.2016
Cantonal banks	24				24
Big banks	3	1			4
Regional and savings banks	62				62
Raiffeisen banks	1				1
Stock exchange banks	44		1	2	43
Other banking institutions	14				14
Private bankers	7		–1		6
Foreign-controlled banks	85			4	81
Branches of foreign banks	26	1		1	26
Total	266	2		7	261

Source: SNB

Chart 1

NUMBER OF BANKS

By bank category



Source: SNB

BALANCE SHEET TOTAL

In the year under review, the aggregate balance sheet total for all banks in Switzerland rose by CHF 74.7 billion to CHF 3,100.8 billion (up 2.5%). Large increases were registered by the big banks (up CHF 30.6 billion), stock exchange banks (up CHF 16.3 billion), cantonal banks (up CHF 15.8 billion), and Raiffeisen banks (up CHF 12.9 billion). The strongest decline was recorded by the foreign-controlled banks (down CHF 13.5 billion).

The breakdown by domestic and foreign shows that the rise in the balance sheet total occurred mainly in Switzerland, with domestic assets advancing by 6.8% or CHF 118.6 billion, and domestic liabilities by 4.6% or CHF 75.4 billion. The increases were attributable primarily to amounts due from/to domestic banks in Swiss francs. Foreign assets, by contrast, declined (down 3.4% or CHF 43.8 billion), while foreign liabilities remained almost unchanged.

Chart 2

BALANCE SHEET TOTAL, BY BANK CATEGORY, 2016

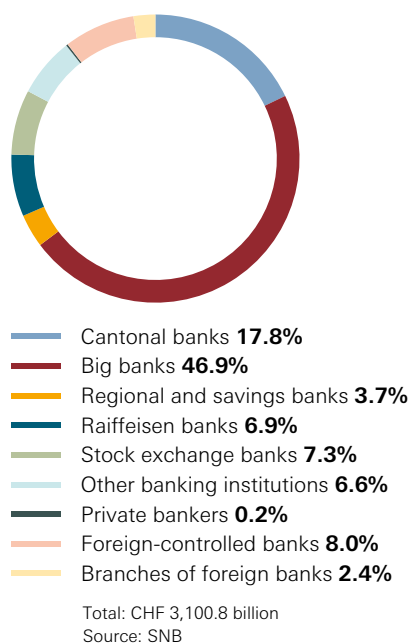
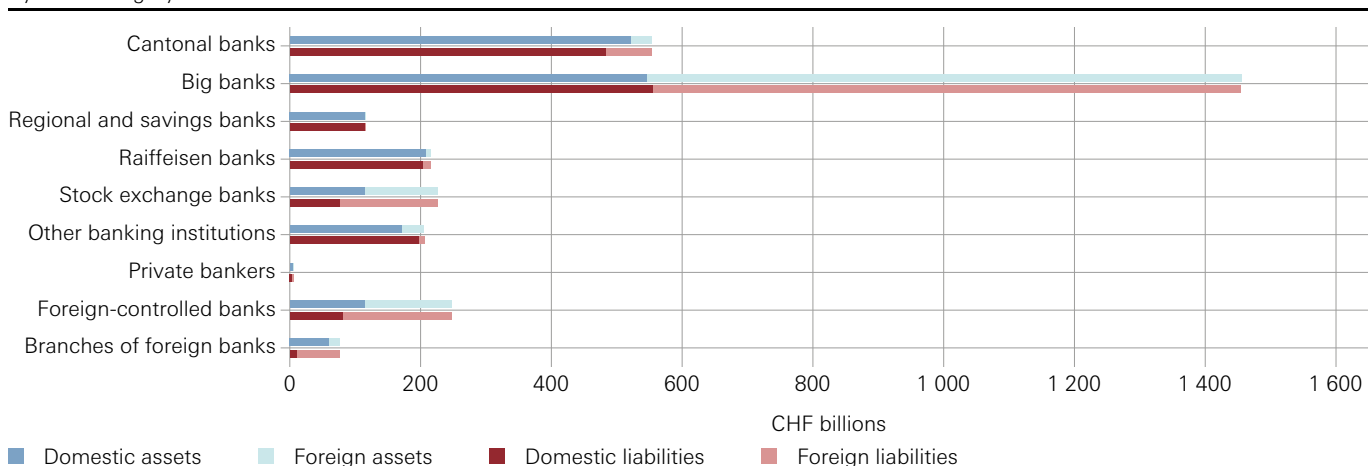


Chart 3

ASSETS AND LIABILITIES, DOMESTIC AND FOREIGN, 2016

By bank category



Source: SNB

Table 4

ASSETS

In CHF millions

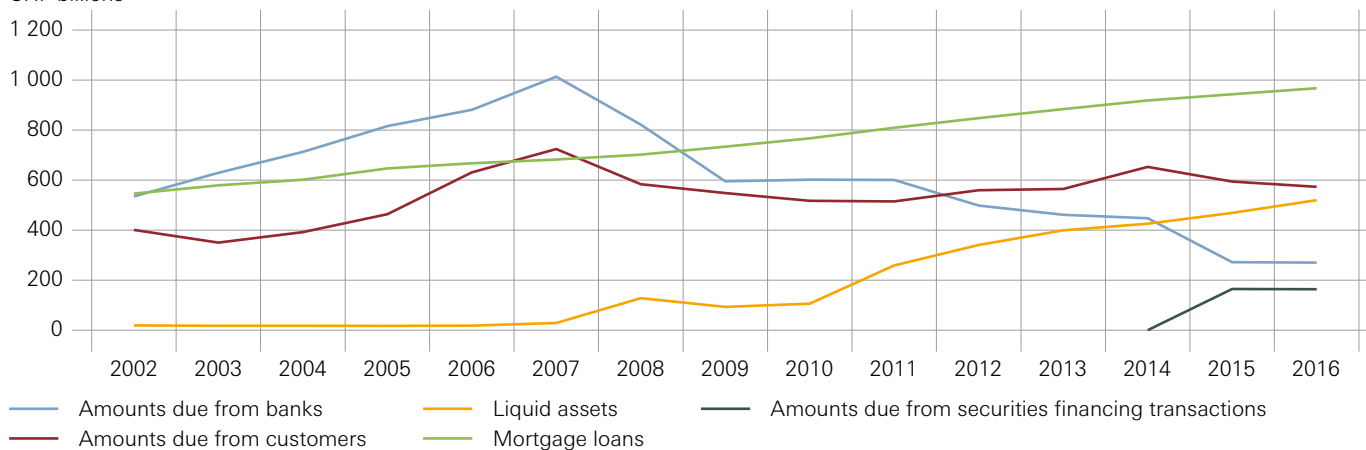
	2016	Domestic Year-on-year change	2016	Foreign Year-on-year change	2016	Total Year-on-year change
Liquid assets	460 401	+15.4%	59 566	-14.8%	519 967	+10.9%
Amounts due from banks	78 968	+15.0%	191 307	-5.9%	270 275	-0.6%
Amounts due from securities financing transactions	22 991	+8.4%	140 839	-1.9%	163 830	-0.6%
Amounts due from customers	158 177	+4.2%	415 082	-6.2%	573 259	-3.5%
Mortgage loans	949 342	+2.7%	18 168	-2.0%	967 510	+2.6%
Trading portfolio assets	30 013	-10.1%	97 003	-21.9%	127 017	-19.4%
Positive replacement values of derivative financial instruments	4 602	-49.1%	46 588	+2.8%	51 190	-5.9%
Other financial instruments at fair value	1 150	+39.6%	3 167	+0.7%	4 317	+8.8%
Financial investments	78 483	+10.2%	161 970	+6.0%	240 453	+7.3%
Accrued income and prepaid expenses	5 096	+13.9%	4 983	+6.3%	10 080	+10.0%
Participations	27 439	+93.2%	102 242	+33.4%	129 681	+42.7%
Tangible fixed assets	19 208	+0.7%	2 445	+18.5%	21 653	+2.4%
Intangible assets	9 811	+22.1%	220	-16.3%	10 031	+20.9%
Other assets	9 331	-16.8%	3 716	-7.2%	13 047	-14.3%
Non-eligible value adjustments according to transitional provisions	1 482	-17.8%	28	+7.7%	1 509	-17.5%
Capital not paid in	30	-60.0%			30	-60.0%
Total assets	1 853 562	+6.8%	1 247 269	-3.4%	3 100 831	+2.5%

Source: SNB

Chart 4

SELECTED ASSETS

CHF billions



Source: SNB

Table 5

LIABILITIES

In CHF millions

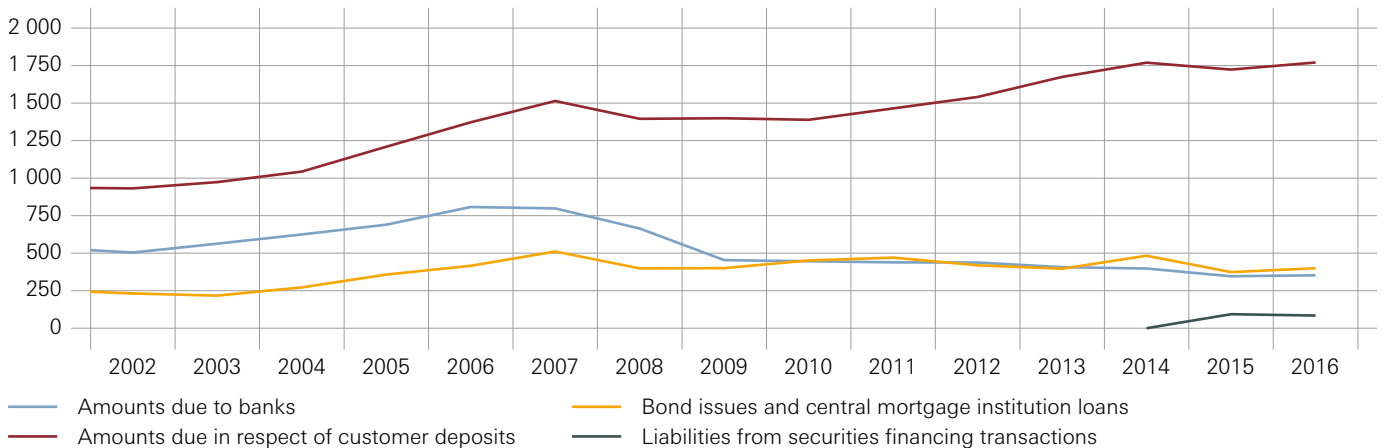
	2016	Domestic Year-on-year change	2016	Foreign Year-on-year change	2016	Total Year-on-year change
Amounts due to banks	83 397	+10.5%	269 183	−0.6%	352 581	+1.8%
Liabilities from securities financing transactions	29 134	+26.8%	55 268	−21.4%	84 402	−9.5%
Amounts due in respect of customer deposits	1 135 667	+3.7%	634 927	+1.0%	1 770 594	+2.7%
Trading portfolio liabilities	2 762	−9.3%	18 337	−17.7%	21 099	−16.7%
Negative replacement values of derivative financial instruments	502	−91.9%	49 495	−2.0%	49 997	−11.9%
Liabilities from other financial instruments at fair value	10 875	−2.2%	119 519	+3.3%	130 394	+2.8%
Cash bonds	11 100	−12.9%	19	0.0%	11 119	−12.9%
Bond issues and central mortgage institution loans	179 118	+6.8%	220 658	+7.1%	399 776	+6.9%
Accrued expenses and deferred income	11 551	+5.6%	7 221	+0.4%	18 772	+3.5%
Other liabilities	12 112	+3.8%	3 702	−32.6%	15 815	−7.8%
Provisions	11 150	−4.3%	731	−32.4%	11 881	−6.7%
Reserves for general banking risks	23 765	+2.5%	377	−7.1%	24 142	+2.4%
Bank capital	28 390	+2.5%	0		28 390	+2.5%
Statutory capital reserve	108 410	+12.2%	−1	0.0%	108 409	+12.2%
Statutory retained earnings reserve	24 091	−9.3%	0	−100.0%	24 091	−9.4%
Voluntary retained earnings reserves	44 724	+14.2%	5	+150.0%	44 729	+14.2%
Own shares	486	+5.7%	0		486	+5.7%
Profit carried forward/loss carried forward	5 093	+5.8%	34	−98.2%	5 127	−22.9%
Total liabilities	1 721 357	+4.6%	1 379 474	−0.0%	3 100 831	+2.5%

Source: SNB

Chart 5

SELECTED LIABILITIES

CHF billions



Source: SNB

ASSETS

Domestic mortgage loans continued to rise, amounting to CHF 949.3 billion (up 2.7% or CHF 24.6 billion) by the end of 2016. Thus, as in 2015, they comprised over 30% of the aggregate balance sheet total. Apart from the big banks category (down 0.3% to CHF 260.6 billion), all bank categories registered an increase in domestic mortgage claims, especially the cantonal banks (up 4.3% to CHF 342.9 billion) and Raiffeisen banks (up 4.3% to CHF 164.9 billion). As in the previous year, fixed-interest mortgage loans made up roughly 80% of all domestic mortgage claims.

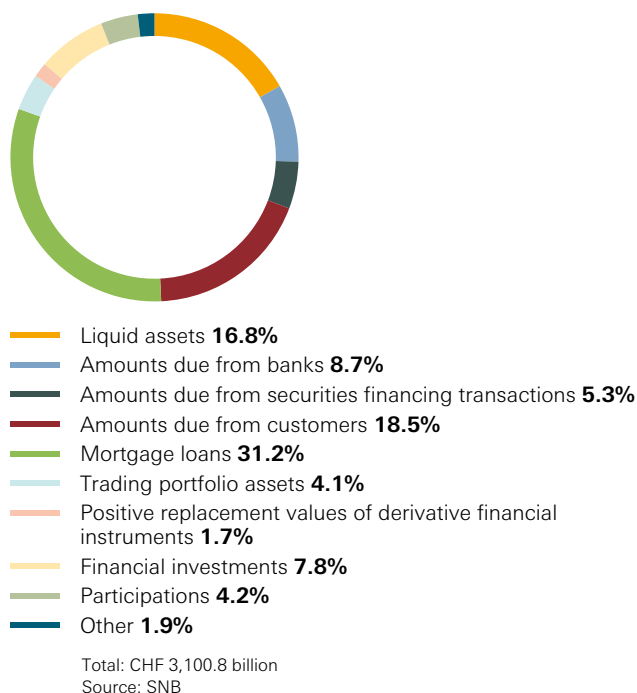
Sundry loans, which are reported in the balance sheet under amounts due from customers, receded by CHF 21.0 billion to CHF 573.3 billion. They thus accounted for approximately one fifth of the aggregate balance sheet total. The main reason for the decrease was the decline in amounts due from foreign customers (down CHF 27.5 billion to CHF 415.1 billion), which predominantly affected the big banks category (down CHF 27.2 billion to CHF 301.7 billion). Amounts due from domestic customers, by contrast, rose by CHF 6.5 billion to CHF 158.2 billion.

Overall, liquid assets climbed by CHF 51.1 billion to CHF 520.0 billion (up 10.9%). As in the year before, domestic liquid assets rose sharply (up CHF 61.5 billion to CHF 460.4 billion), while foreign liquid assets declined (down CHF 10.3 billion to CHF 59.6 billion). The growth in Switzerland primarily reflects the rise in sight deposits held by banks at the SNB (up CHF 60.6 billion to CHF 447.0 billion) in connection with the SNB's foreign currency purchases. Increases here were recorded especially by the categories of big banks (up CHF 43.7 billion to CHF 132.7 billion) and stock exchange banks (up CHF 12.7 billion to CHF 57.7 billion).

Overall, amounts due from banks hardly changed (down CHF 1.6 billion to CHF 270.3 billion). As in the previous year, amounts due from domestic banks registered an increase (up CHF 10.3 billion to CHF 79.0 billion). The increase was attributable to the big banks (up CHF 5.7 billion to CHF 29.5 billion) and the stock exchange banks (up CHF 4.5 billion to CHF 14.8 billion). In the big banks category, the increase in amounts due from domestic banks resulted mainly from the restructuring of the Credit Suisse Group.¹ Unlike amounts due from domestic banks, amounts due from foreign banks decreased (down CHF 12.0 billion to CHF 191.3 billion). Declines were registered especially in the big banks (down CHF 9.1 billion to CHF 120.7 billion) and foreign-controlled banks (down CHF 7.0 billion to CHF 35.7 billion) categories.

Chart 6

BALANCE SHEET, BY ASSETS, 2016



¹ Cf. 'Preliminary remarks', p. 5

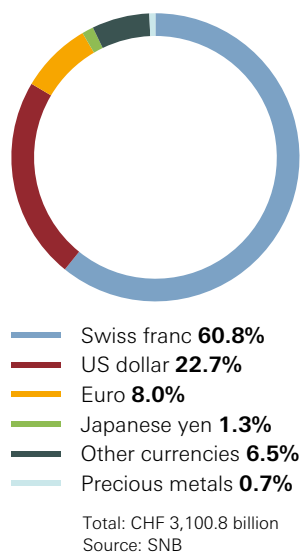
Amounts due from securities financing transactions receded slightly (down CHF 1.0 billion to CHF 163.8 billion). This item was dominated by the big banks' foreign business, with stocks amounting to CHF 129.6 billion.

Trading portfolio claims fell by CHF 30.6 billion to CHF 127.0 billion, mainly due to a sharp drop in the big banks' trading portfolio (down CHF 27.5 billion to CHF 85.5 billion). The positive replacement values of derivative financial instruments – an item that displays considerable volatility over time – declined slightly (down CHF 3.2 billion to CHF 51.2 billion). The balance sheet item 'other financial instruments at fair value' hardly changed in the year under review (up CHF 0.3 billion to CHF 4.3 billion). Overall, financial investments were up by CHF 16.5 billion to CHF 240.5 billion, with increases registered in both domestic (up CHF 7.3 billion to CHF 78.5 billion) and foreign investments (up CHF 9.1 billion to CHF 162.0 billion). Increases in investments were recorded especially by the categories of big banks (up CHF 15.7 billion to CHF 68.9 billion) and other banking institutions (up CHF 4.5 billion to CHF 64.5 billion). The strongest decline was registered by the stock exchange banks (down CHF 4.0 billion to CHF 45.7 billion).

The balance sheet item 'participations' increased by CHF 38.9 billion to CHF 129.7 billion. Both participations in Switzerland and abroad had a share in this increase (up CHF 13.2 billion and CHF 25.6 billion, respectively). These developments were mainly attributable to the big banks (domestic participations up by CHF 12.8 billion, foreign ones up by CHF 25.5 billion), with the domestic increase primarily due to the establishment of Credit Suisse (Switzerland) Ltd.²

Chart 7

ASSETS, BY CURRENCY, 2016



² Cf. 'Preliminary remarks', p. 5

LIABILITIES

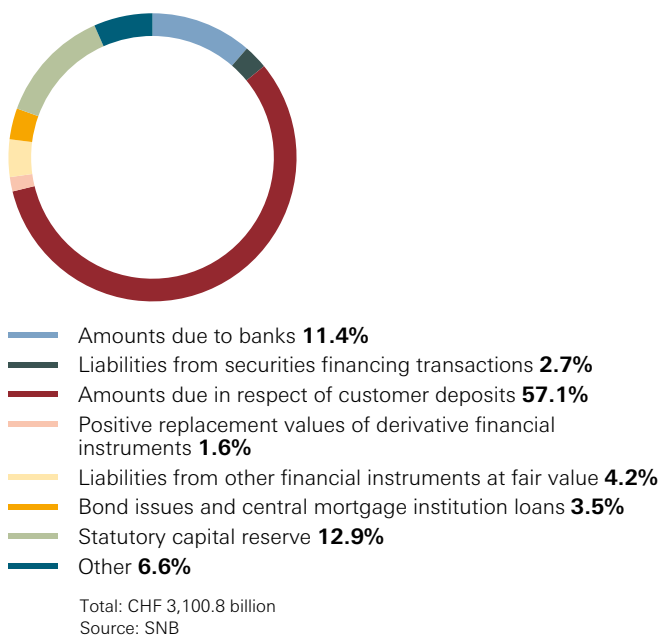
Amounts due in respect of customer deposits registered an increase of CHF 47.4 billion to CHF 1,770.6 billion (up 2.7%). Domestic deposits (up CHF 40.9 billion to CHF 1,135.7 billion) accounted for the largest part of this increase, with the big banks (up CHF 16.3 billion to CHF 340.2 billion) and Raiffeisen banks (up CHF 7.7 billion to CHF 150.1 billion) in particular recording higher holdings. Amounts due in respect of customer deposits from abroad rose by CHF 6.5 billion to CHF 634.9 billion, with the increase of CHF 15.8 billion to CHF 366.6 billion in the big banks category standing in contrast to the decline of CHF 10.4 billion to CHF 111.9 billion in the case of the foreign-controlled banks. Amounts due in respect of customer deposits represented somewhat less than 60% of the aggregate balance sheet total for all banks in 2016.

The tied pension provision under amounts due in respect of customer deposits climbed by CHF 2.5 billion to CHF 93.8 billion. Customer deposits excluding pension fund monies rose by CHF 44.8 billion to CHF 1,676.8 billion. They are broken down into three components by maturity: 'on sight', 'cancellable' and 'remaining period to maturity'. While sight deposits advanced by CHF 38.2 billion to CHF 895.0 billion, cancellable deposits receded by CHF 15.0 billion to CHF 579.4 billion. Both developments were accounted for particularly by the Raiffeisen banks, where sight deposits registered a significant increase (up CHF 26.8 billion to CHF 49.4 billion), whereas cancellable deposits fell sharply (down CHF 19.6 billion to CHF 71.6 billion). The main reason for these changes was the discontinuation of the withdrawal limits on personal accounts at the Raiffeisen banks, leading to a reclassification of such accounts from cancellable deposits to sight deposits. Deposits with a remaining period to maturity (time deposits) over all banks rose by CHF 21.6 billion to CHF 202.4 billion, with the largest portion of this increase recorded by the big banks (up 17.2 billion to CHF 129.3 billion).

Amounts due to banks increased by CHF 6.4 billion to CHF 352.6 billion. Whereas amounts due to domestic banks advanced by CHF 7.9 billion to CHF 83.4 billion, amounts due to foreign banks hardly changed (down CHF 1.5 billion to CHF 269.2 billion). Developments regarding amounts due to domestic banks varied from one bank category to another, with the cantonal banks registering a decline (down CHF 2.6 billion to CHF 15.6 billion), while the stock exchange banks (up CHF 4.9 billion to CHF 8.8 billion) and the big banks (up CHF 4.7 billion to CHF 31.6 billion) recorded increases. The growth in both the big banks category and in the aggregate for all banks was connected to the restructuring of the Credit Suisse Group.³

Chart 8

BALANCE SHEET, BY LIABILITIES, 2016



³ Cf. 'Preliminary remarks', p. 5

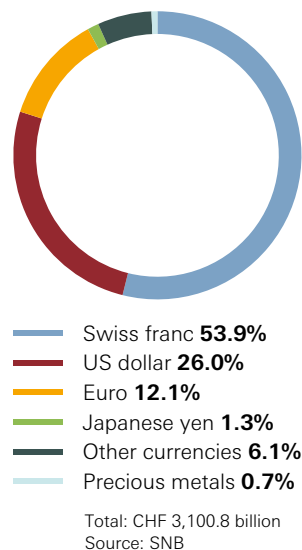
Liabilities from securities financing transactions decreased by CHF 8.9 billion to CHF 84.4 billion. As on the assets side, this balance sheet item is dominated by the big banks' foreign transactions, totalling CHF 45.7 billion. While domestic liabilities from securities financing transactions registered an increase (up CHF 6.1 billion to CHF 29.1 billion), foreign liabilities from securities financing transactions decreased (down CHF 15.0 billion to CHF 55.3 billion).

Trading portfolio liabilities contracted by CHF 4.2 billion to CHF 21.1 billion. The negative replacement values of derivative financial instruments declined by CHF 6.7 billion to CHF 50.0 billion. Liabilities from other financial instruments at fair value rose slightly (up CHF 3.6 billion to CHF 130.4 billion).

The balance sheet item 'Bond issues and central mortgage institution loans' advanced by CHF 26.0 billion to CHF 399.8 billion. The increase is attributable in particular to big-bank bonds issued abroad (up CHF 14.8 billion), central mortgage institution loans to the cantonal banks (up CHF 4.8 billion) and domestically issued cantonal bank bonds (up CHF 3.2 billion). Statutory capital reserves rose by CHF 11.7 billion to CHF 108.4 billion, mainly as a result of the restructuring of the Credit Suisse Group.⁴

Chart 9

LIABILITIES, BY CURRENCY, 2016



⁴ Cf. 'Preliminary remarks', p. 5

In 2016, the contract volume of derivative financial instruments advanced by 7.3% to CHF 26,432.4 billion. This constituted the first increase since 2011. However, replacement values, before taking into account netting agreements, decreased again, with positive and negative replacement values recording similar declines of 9.8% to CHF 244.8 billion and of 9.4% to CHF 242.6 billion, respectively.

In contrast to the detailed presentation attached to the balance sheet, the replacement values shown in the balance sheet are generally reported after netting agreements have been taken into account. This is reflected in the size of the corresponding items in the balance sheet: total positive replacement values came to CHF 51.2 billion, and total negative replacement values to CHF 50.0 billion.

In 2016, as in previous years, business in derivative financial instruments was dominated by the big banks category, which accounted for some 93% of the contract volume.

In contrast to previous years, the year under review saw the contract volume of interest rate derivatives rise, by 12.8% to CHF 17,153.1 billion. In terms of contract volume, at 64.9% they remained the most significant category. However, the corresponding positive and negative replacement values fell considerably, by 27.6% to CHF 94.0 billion and by 27.6% to CHF 89.9 billion, respectively.

In the case of foreign exchange derivatives, the second largest category of derivative financial instrument, while contract volume decreased by 2.6% to CHF 7,916.5 billion, the corresponding positive and negative replacement values grew by 11.3% to CHF 118.3 billion and by 12.2% to CHF 116.8 billion, respectively.

In terms of contract volume, trading instruments, at around 99%, comprised the largest share of derivative financial instruments by far. The remainder was made up of hedging instruments.

Table 6

OUTSTANDING DERIVATIVE FINANCIAL INSTRUMENTS

In CHF millions

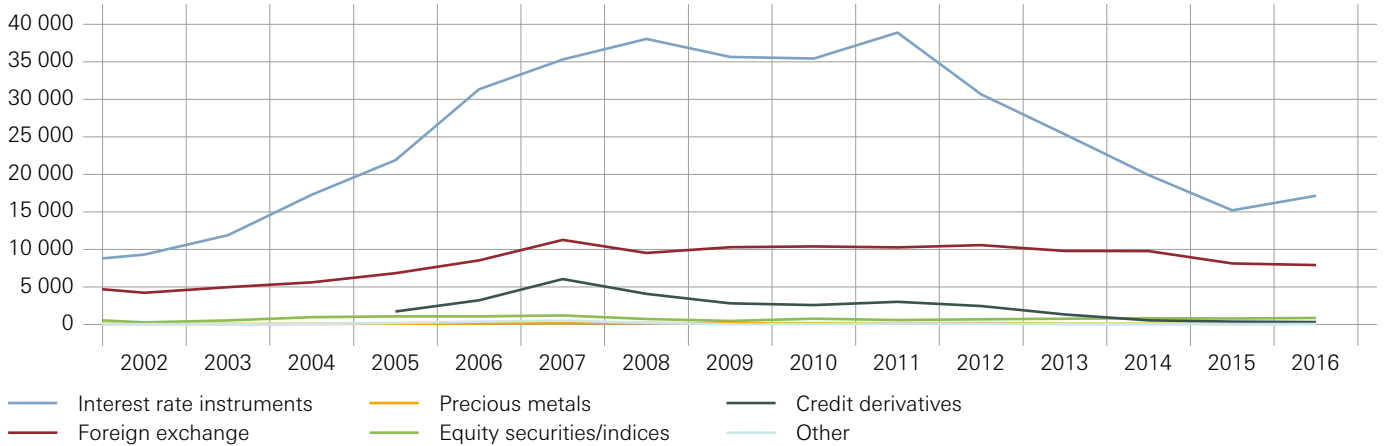
	Positive replacement value		Negative replacement value		Contract volumes	
	2016	Year-on-year change	2016	Year-on-year change	2016	Year-on-year change
Interest rate instruments	93 971	-27.6%	89 868	-27.6%	17 153 114	+12.8%
Foreign exchange	118 300	+11.3%	116 843	+12.2%	7 916 534	-2.6%
Precious metals	2 430	+8.6%	1 952	+3.0%	114 649	+56.9%
Equity securities/indices	22 404	+1.3%	26 282	-6.5%	870 938	+10.0%
Credit derivatives	5 150	-36.5%	6 005	-20.2%	320 853	-16.2%
Other	2 527	-14.9%	1 656	-17.0%	56 282	+17.6%
Total	244 782	-9.8%	242 606	-9.4%	26 432 371	+7.3%

Source: SNB

Chart 10

CONTRACT VOLUMES

CHF billions

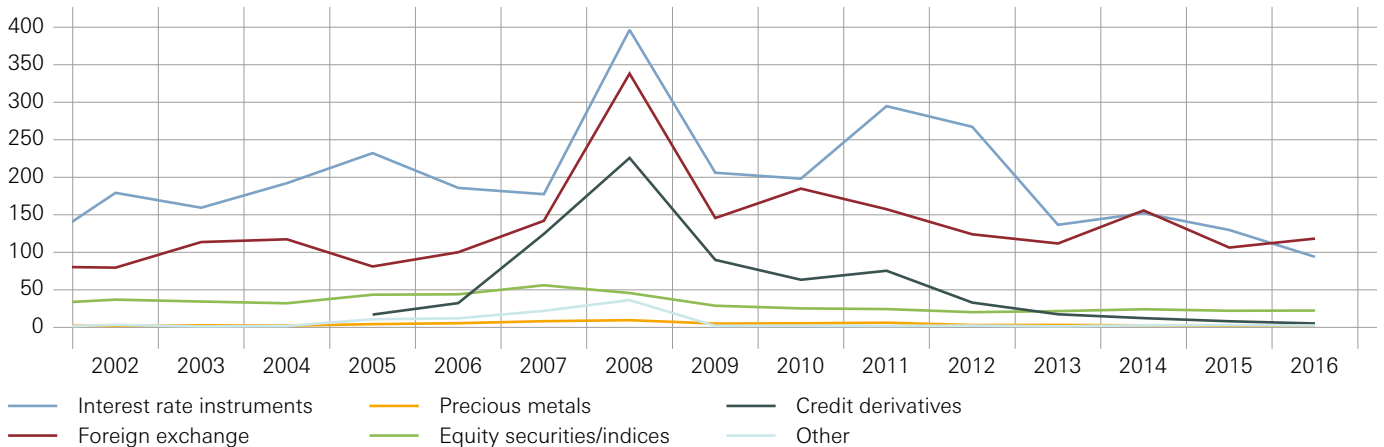


Source: SNB

Chart 11

POSITIVE REPLACEMENT VALUES

CHF billions

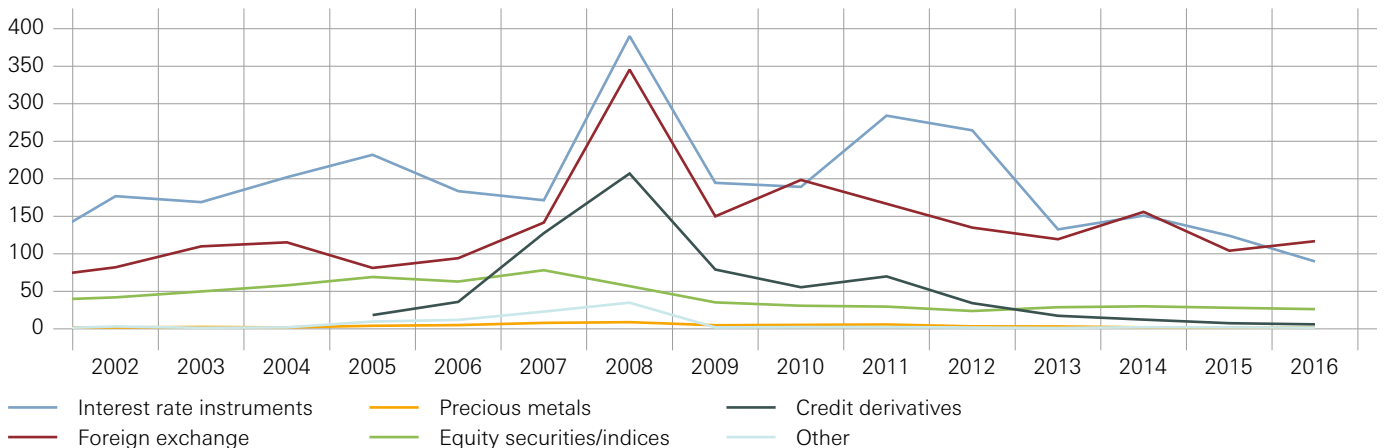


Source: SNB

Chart 12

NEGATIVE REPLACEMENT VALUES

CHF billions



Source: SNB

For the first time since 2007, fiduciary funds administered by banks rose, by CHF 7.0 billion to CHF 121.0 billion. Increases were recorded for both domestic fiduciary deposits (up CHF 2.6 billion to CHF 21.8 billion) and those from abroad (up CHF 4.4 billion to CHF 99.2 billion). This was primarily attributable to the restructuring of the Credit Suisse Group.¹

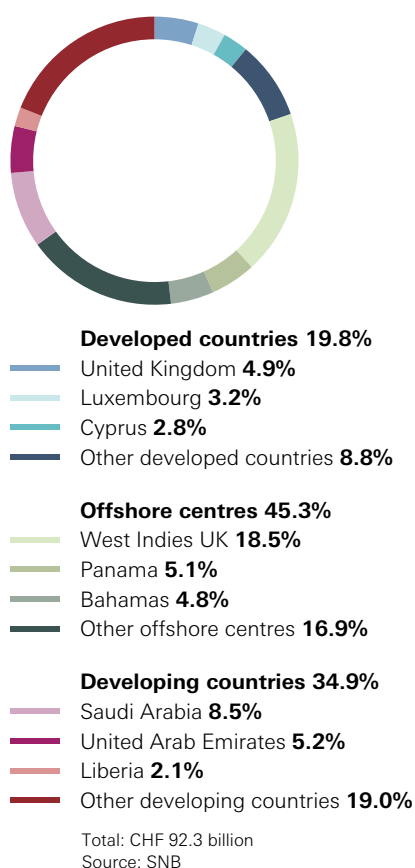
Since fiduciary funds are mainly invested in the money market, the diverging movements in money market interest rates impacted on the currency breakdown of the total holdings. Due to higher US dollar money market rates, fiduciary funds invested in US dollars advanced substantially, by CHF 11.4 billion to CHF 91.0 billion. By contrast, fiduciary funds invested in euros declined by CHF 2.7 billion to CHF 8.7 billion. Fiduciary funds invested in Swiss francs decreased by CHF 0.3 billion to CHF 3.6 billion year-on-year.

The significance of fiduciary business in US dollars has mounted continuously in recent years, with stocks in US dollars amounting to 75.2% at the end of 2016. The shares of fiduciary funds invested in euros and in Swiss francs were comparatively small, at 7.2% and 3.0% respectively.

Regarding fiduciary deposits from abroad, deposits from developed countries were up by 14.9%, those from offshore centres by 2.7%, and those from developing countries by 2.3%.

Chart 13

FIDUCIARY DEPOSITS FROM ABROAD, BY REGION AND COUNTRY, 2016



¹ Cf. 'Preliminary remarks' on p. 5

Table 7

FIDUCIARY TRANSACTIONS

In CHF millions

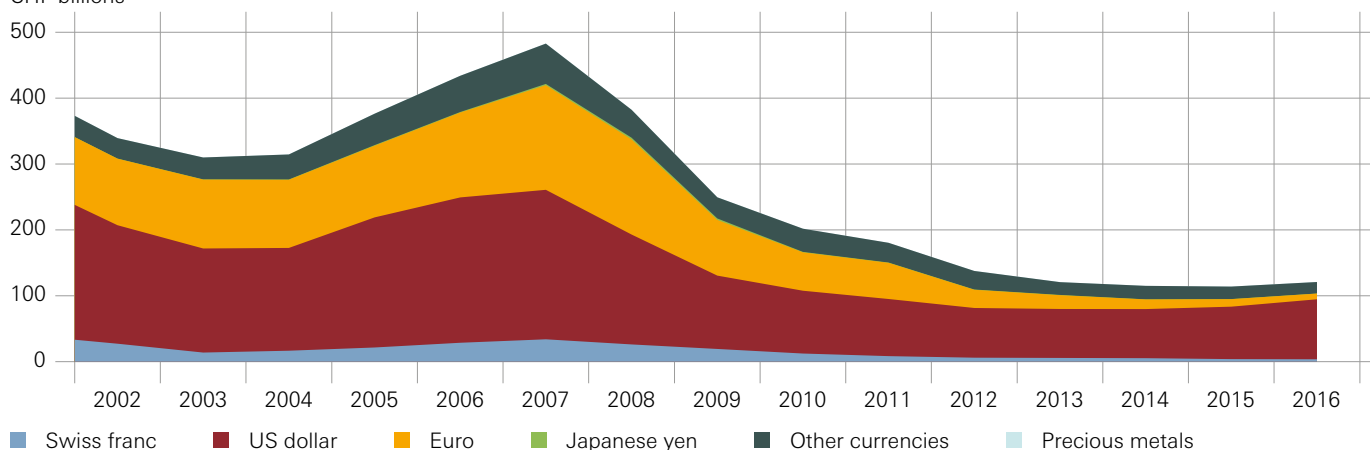
	2016	Domestic Year-on-year change	2016	Foreign Year-on-year change	2016	Total Year-on-year change
Fiduciary assets						
Swiss franc	1 896	–21.7%	1 719	+18.8%	3 614	–6.6%
US dollar	1 503	+26.1%	89 545	+14.2%	91 048	+14.4%
Euro	227	–47.8%	8 431	–23.1%	8 657	–24.1%
Japanese yen	5	–61.5%	162	+19.1%	167	+12.1%
Other currencies	108	–20.0%	17 303	–8.1%	17 412	–8.1%
Precious metals	3	0.0%	101	+106.1%	104	+100.0%
Total	3 741	–10.9%	117 261	+6.8%	121 003	+6.1%
Fiduciary liabilities						
Swiss franc	2 936	–10.5%	678	+14.9%	3 614	–6.6%
US dollar	12 835	+30.4%	78 213	+12.1%	91 048	+14.4%
Euro	3 075	–4.4%	5 582	–31.8%	8 657	–24.1%
Japanese yen	45	+55.2%	122	+0.8%	167	+12.1%
Other currencies	2 840	+0.7%	14 571	–9.7%	17 412	–8.1%
Precious metals	25	+150.0%	79	+88.1%	104	+100.0%
Total	21 757	+13.3%	99 246	+4.7%	121 003	+6.1%

Source: SNB

Chart 14

FIDUCIARY TRANSACTIONS, BY CURRENCY

CHF billions



Source: SNB

6 Securities holdings in bank custody accounts

The information on stocks of securities relates to custody accounts at the domestic offices of banks in Switzerland. These include holdings managed for domestic customers as well as those managed or held in custody for foreign customers.

In 2016, securities holdings expanded by 1.2% or CHF 66.2 billion to CHF 5,654.1 billion. Developments in custody account stocks varied between the individual categories of securities. Investment in shares declined by CHF 1.5 billion to CHF 2,205.7 billion; at 39.0% of the total, they remained the most important category of securities. Units in collective investment schemes – the second most important category of securities – increased by 3.7% to CHF 1,919.7 billion. Stocks of bonds were virtually unchanged, inching up 0.3% to CHF 1,275.7 billion. Structured products registered considerable growth of 13.7% to CHF 188.5 billion, in connection with issues of leverage products of foreign institutional customers. The issuers held these leverage products in custody accounts at domestic banks; they were not necessarily traded on the market.

At 51.7%, the Swiss franc remained the most important investment currency. Investment in the Swiss franc hardly changed year-on-year, amounting to CHF 2,920.6 billion at the end of 2016. Investment in US dollars advanced by 6.9% to CHF 1,485.8 billion, thereby slightly increasing the currency's share to 26.3%. Investment in euros declined by 1.0% to CHF 837.5 billion, with the share of euros thus receding to 14.8%.

Securities held by institutional investors and by commercial customers increased year-on-year by 1.9% to CHF 4,272.3 billion and by 1.5% to CHF 293.1 billion, respectively. Securities held by private customers declined by 1.7% to CHF 1,088.8 billion.

Securities held by custody account holders domiciled in Switzerland expanded by 4.8% to CHF 2,765.7 billion, while those held by custody account holders domiciled abroad contracted by 2.0% to CHF 2,888.4 billion. Custody account holders domiciled abroad held 51.1% of total security holdings.

Chart 15

HOLDINGS OF SECURITIES IN BANK CUSTODY ACCOUNTS, BY CURRENCY, 2016

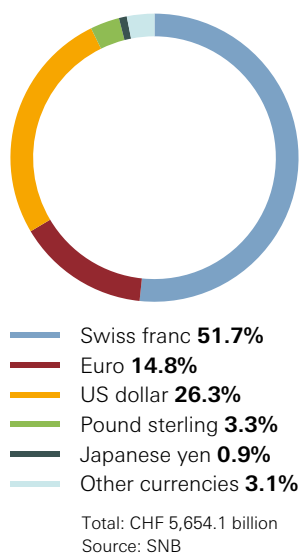
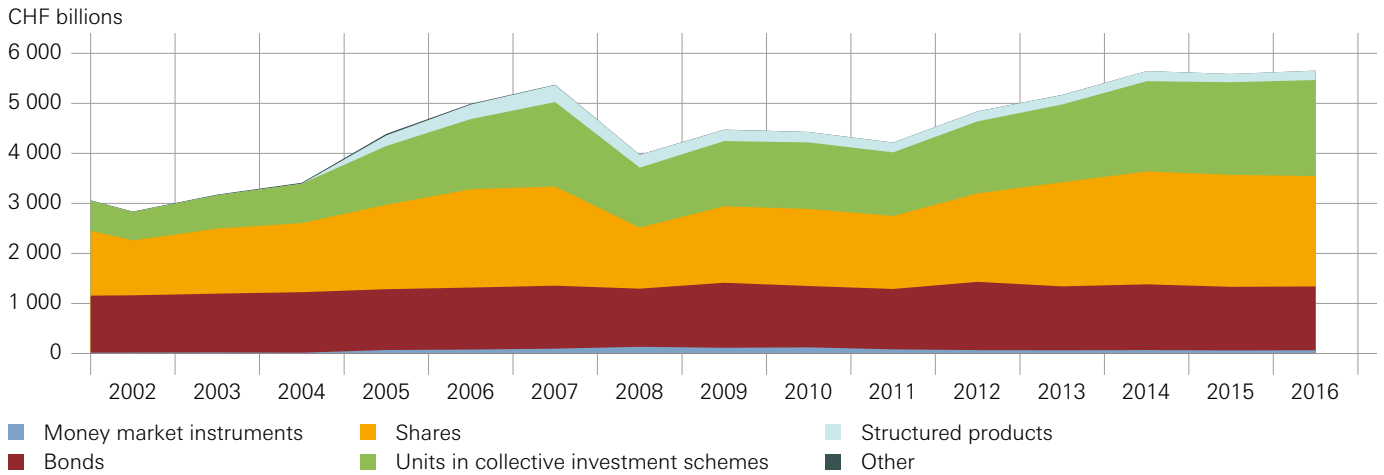


Chart 16

HOLDINGS OF SECURITIES IN BANK CUSTODY ACCOUNTS, BY CATEGORY OF SECURITY

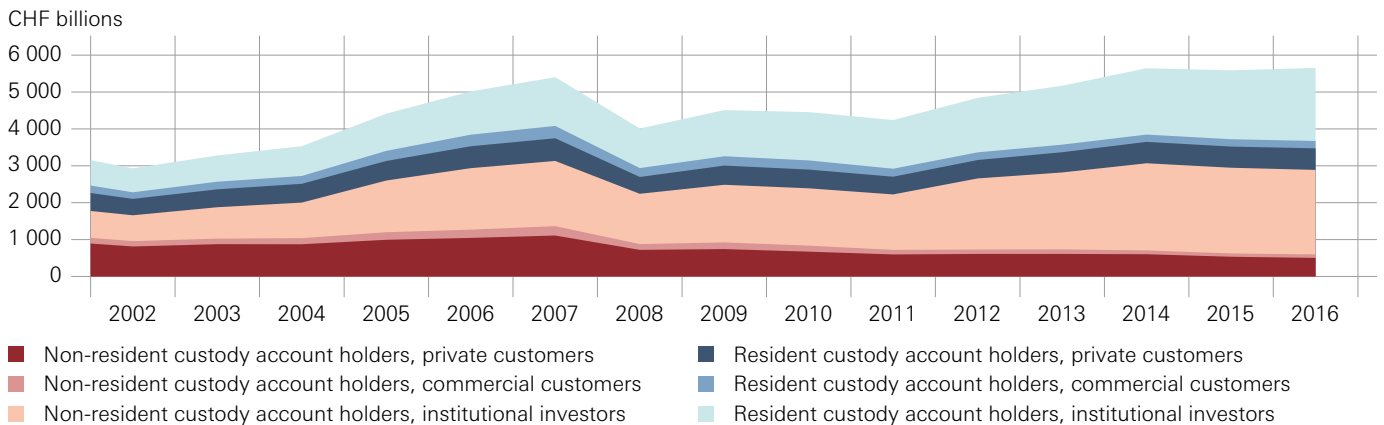


Source: SNB

Chart 17

HOLDINGS OF SECURITIES IN BANK CUSTODY ACCOUNTS, BY DOMICILE AND SECTOR OF CUSTODY ACCOUNT HOLDER

Broken down by business sector



Source: SNB

Table 8

SECURITIES HOLDINGS IN BANK CUSTODY ACCOUNTS

In CHF billions

	2016	All currencies Year-on-year change	2016	CHF Year-on-year change	2016	EUR Year-on-year change
Resident custody account holders						
Private customers	585	+2.1%	405	−0.7%	73	−1.5%
Commercial customers	199	−0.1%	158	−3.1%	12	0.0%
Institutional investors	1 981	+6.1%	1 268	+5.2%	194	0.0%
	2 766	+4.8%	1 832	+3.1%	279	−0.4%
Non-resident custody account holders						
Private customers	503	−5.9%	65	−6.4%	130	−8.2%
Commercial customers	94	+4.8%	6	−17.3%	27	−6.5%
Institutional investors	2 291	−1.4%	1 017	−4.4%	401	+1.5%
	2 888	−2.0%	1 089	−4.6%	558	−1.4%
Resident and non-resident custody account holders						
Private customers	1 089	−1.7%	470	−1.5%	203	−5.9%
Commercial customers	293	+1.5%	165	−3.6%	40	−4.6%
Institutional investors	4 272	+1.9%	2 286	+0.7%	595	+1.0%
Total	5 654	+1.2%	2 921	+0.1%	838	−1.0%

Source: SNB

In CHF billions

	2016	USD Year-on-year change	2016	Other currencies Year-on-year change
Resident custody account holders				
Private customers	78	+16.4%	30	+19.4%
Commercial customers	22	+25.4%	7	+6.2%
Institutional investors	398	+13.4%	121	+3.6%
	497	+14.3%	158	+6.4%
Non-resident custody account holders				
Private customers	262	–3.3%	46	–12.2%
Commercial customers	48	+19.0%	12	–1.6%
Institutional investors	679	+5.4%	194	–11.8%
	989	+3.5%	253	–11.5%
Resident and non-resident custody account holders				
Private customers	340	+0.6%	76	–2.1%
Commercial customers	70	+20.9%	19	+0.5%
Institutional investors	1 076	+8.2%	316	–6.5%
Total	1 486	+6.9%	410	–5.4%

7

Income statement as well as appropriation of profit and coverage of losses

SUMMARY

In 2016, of the 261 banks covered, 226 reported a profit. This amounted to CHF 11.8 billion. The remaining 35 institutions recorded an aggregate loss of CHF 3.9 billion.

The result of the period across all banks was thus CHF 7.9 billion. This was half as much as in the previous year, although it must be noted that in 2015, the big banks generated high extraordinary income (CHF 10.7 billion). In 2016, the extraordinary income in the big banks category subsided sharply by CHF 8.5 billion to CHF 2.2 billion. This was also reflected in the aggregate result of the period for all banks.

RESULT FROM INTEREST OPERATIONS

Given that interest income¹ remained virtually unchanged at CHF 40.6 billion, and that interest expenses² increased slightly by 0.7% to CHF 16.5 billion, the gross result from interest operations decreased by CHF 0.7 billion to CHF 24.1 billion.

Value adjustments and losses related to interest business (CHF 0.7 billion) are offset against the gross result from

interest operations to give the net result from interest operations; this declined by CHF 0.4 billion to CHF 23.4 billion.

RESULT FROM COMMISSION BUSINESS AND SERVICES

The result from commission business and services decreased again, by CHF 1.5 billion to CHF 20.9 billion. This was mainly due to lower net commission income from securities and investment business (down CHF 1.5 billion to CHF 19.4 billion). Commission income from lending activities remained unchanged at CHF 1.9 billion. There was little movement in commission income from other services (up CHF 0.2 billion to CHF 4.4 billion) and in commission expenses (up CHF 0.1 billion to CHF 4.8 billion).

RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION

The result from trading activities and the fair value option declined by CHF 2.4 billion to CHF 6.2 billion. This was primarily attributable to the big banks category, which decreased by CHF 2.3 billion.

OTHER RESULT FROM ORDINARY ACTIVITIES

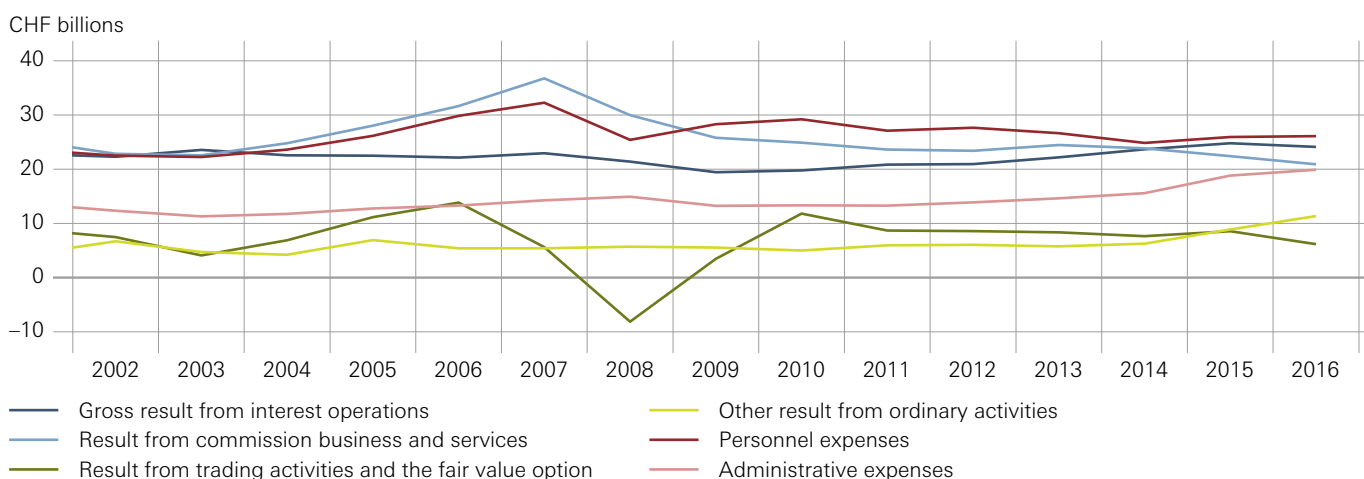
The other result from ordinary activities item was up by CHF 2.5 billion to CHF 11.4 billion. This rise was largely due to higher income from participations (up CHF 1.0

1 According to the ARB, FINMA-Circ. 15/01, margin no. A3-10, negative interest on lending business is to be recognised in interest income (reduction in interest income).

2 According to the ARB, FINMA-Circ. 15/01, margin no. A3-19, negative interest on borrowing business is to be recognised in interest expense (reduction in interest expense).

Chart 18

INDIVIDUAL ELEMENTS OF THE INCOME STATEMENT



billion to CHF 3.9 billion) and increased other ordinary income (up CHF 1.0 billion to CHF 7.4 billion); in both cases the big banks category played a decisive role.

There was little change in the result from the disposal of financial investments (up CHF 0.4 billion) and from real estate (up CHF 0.8 billion), while other ordinary expenses decreased (down CHF 0.3 billion to CHF 1.2 billion).

PERSONNEL AND ADMINISTRATIVE EXPENSES

Personnel expenses increased by CHF 0.2 billion to CHF 26.1 billion. Administrative expenses rose by CHF 1.1 billion to CHF 19.9 billion, primarily due to an increase in the big banks category (up CHF 1.2 billion to CHF 12.5 billion). Thus operating expenses, which comprise personnel and administrative expenses, advanced by CHF 1.2 billion to CHF 46.0 billion.

DEPRECIATION, VALUE ADJUSTMENTS AND PROVISIONS

In 2016, the value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets item decreased by CHF 2.6 billion to CHF 6.9 billion, with the big banks category declining by CHF 2.7 billion to CHF 4.6 billion.

The changes to provisions and other value adjustments, and losses item receded by CHF 1.4 billion to CHF 1.1 billion, mainly due to a decrease in the stock exchange banks category of CHF 0.6 billion to CHF 0.2 billion.

OPERATING RESULT

In the year under review, the banks reported an operating result of CHF 7.9 billion (up CHF 1.0 billion). High operating results were recorded by the cantonal banks (CHF 3.3 billion), the stock exchange banks (CHF 1.2 billion) and the other banking institutions (CHF 1.2 billion).

EXTRAORDINARY INCOME AND EXTRAORDINARY EXPENSES

In 2016, extraordinary income amounted to CHF 3.0 billion, of which CHF 2.2 billion was accounted for by the big banks category. The year-back extraordinary income was considerably higher, at CHF 12.4 billion, largely due to an intragroup sale of participations within the big banks category.

Extraordinary expenses in the year under review were again comparatively low, at CHF 0.1 billion.

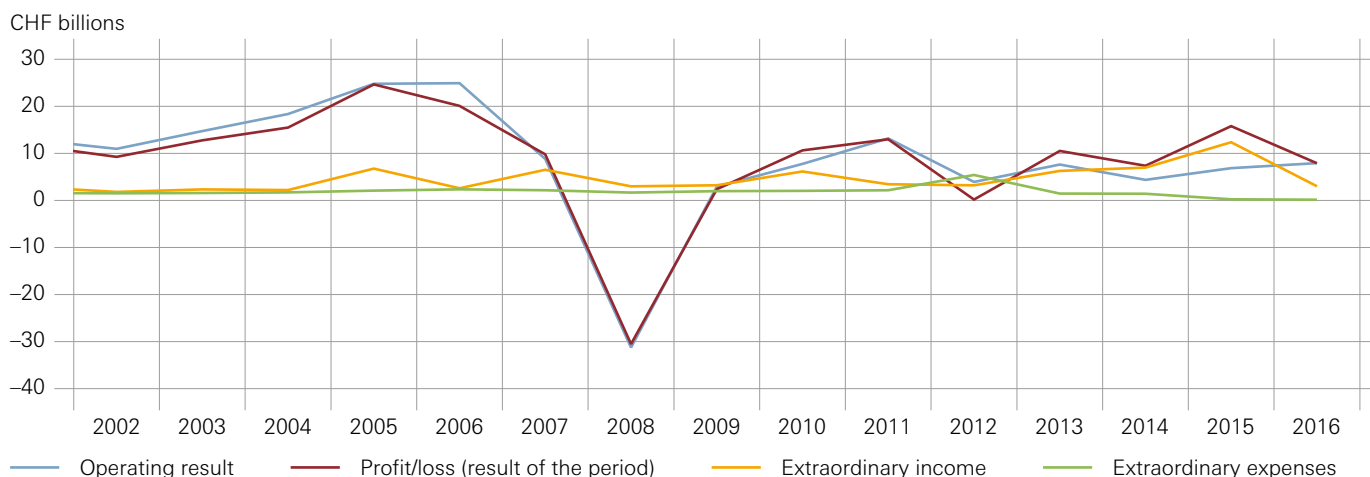
PROFIT/LOSS (RESULT OF THE PERIOD)

The profit/loss (result of the period) item is calculated by adding in the changes in reserves for general banking risks, of CHF –0.6 billion, and deducting taxes, of CHF 2.3 billion. Of the 261 banks covered (2015: 266), 226 registered a profit (2015: 227). Aggregate profits declined by CHF 7.8 billion to CHF 11.8 billion. The loss recorded by the remaining 35 institutions (2015: 39) totalled CHF 3.9 billion (up CHF 0.1 billion).

Taken together, the profits and losses produced an aggregate result of the period of CHF 7.9 billion. High annual results were recorded by the cantonal banks (CHF 2.8 billion), big banks (CHF 1.8 billion) and stock exchange banks (CHF 1.1 billion).

Chart 19

OPERATING RESULT AND PROFIT/LOSS



Source: SNB

Table 9

INCOME STATEMENT

In CHF millions

	2016	Year-on-year change
Result from interest operations		
Interest and discount income	35 185	+1.9%
Interest and dividend income from trading portfolios	3 010	-16.0%
Interest and dividend income from financial investments	2 379	-2.9%
Interest expense	16 458	+4.3%
Gross result from interest operations	24 116	-2.7%
Changes in value adjustments for default risks and losses from interest operations	690	-29.0%
Subtotal net result from interest operations	23 425	-1.7%
Result from commission business and services		
Commission income from securities trading and investment activities	19 439	-7.1%
Commission income from lending activities	1 894	-0.8%
Commission income from other services	4 382	+3.3%
Commission expense	4 809	+3.0%
Subtotal result from commission business and services	20 905	-6.7%
Result from trading activities and the fair value option	6 171	-27.9%
Other result from ordinary activities		
Result from the disposal of financial investments	431	+53.4%
Income from participations	3 932	+36.5%
Result from real estate	801	+1.0%
Other ordinary income	7 380	+15.5%
Other ordinary expenses	1 189	-19.0%
Subtotal other result from ordinary activities	11 355	+27.9%
Operating expenses		
Personnel expenses	26 102	+0.6%
Administrative expenses	19 904	+5.7%
Subtotal operating expenses	46 006	+2.8%
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	6 872	-27.7%
Changes to provisions and other value adjustments, and losses	1 050	-58.7%
Operating result	7 929	+15.6%
Extraordinary income	3 014	-75.6%
Extraordinary expenses	150	-37.8%
Changes in reserves for general banking risks	-579	-39.5%
Taxes	2 313	+3.2%
Profit/loss (result of the period)	7 901	-50.0%

Source: SNB

Table 10

APPROPRIATION OF PROFIT AND COVERAGE OF LOSSES

In CHF millions

	2016	Year-on-year change
Profit/loss (result of the period)	7 901	–50.0%
Profit carried forward/loss carried forward	5 828	–40.2%
Distributable profit/accumulated loss	13 729	–46.2%
Appropriation of profit	11 530	–39.5%
Allocation to statutory retained earnings reserve	463	–90.6%
Allocation to voluntary retained earnings reserves	6 852	–9.8%
Distributions from distributable profit		
Distribution to shareholders, company members, proprietors, etc.	3 216	–42.4%
Allocation to cantons and municipalities	855	+5.6%
Interest on endowment capital	78	–11.4%
Subtotal distributions from distributable profit	4 149	–36.0%
Other appropriation of profit		
Emoluments	3	0.0%
Allocation to staff pension schemes	3	0.0%
Other appropriation	60	+114.3%
Subtotal other appropriation of profit	66	+94.1%
Coverage of losses	2 909	
Transfers from statutory retained earnings reserve	2 684	
Transfers from voluntary retained earnings reserves	225	
New profit/loss carried forward	5 109	–23.1%

Source: SNB

Banks reduced their staff numbers – in terms of full-time equivalents – to 120,843 (down 3,047 or 2.5%). The number of staff employed in Switzerland declined to 101,382 (down 1,660 or 1.6%) and the number abroad to 19,461 (down 1,387 or 6.7%).

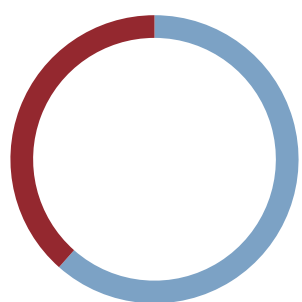
Movements in staff numbers varied between the bank groups: stock exchange banks increased their staff numbers considerably (by 827, of whom 413 in Switzerland), while the big banks again reduced staff numbers (by 2,617, of whom 1,253 in Switzerland). Foreign-controlled banks also recorded a reduction in staff (by 1,093, of whom 434 abroad), mainly due to institutional changes (cf. previous chapter on number of banks).

At 38.5%, the proportion of employed women remained almost unchanged.

Chart 20

NUMBER OF STAFF, BY GENDER, 2016

Measured in full-time equivalents, shares in %



Men **61.5%**
Women **38.5%**

Total staff numbers: 120,843
Source: SNB

Table 11

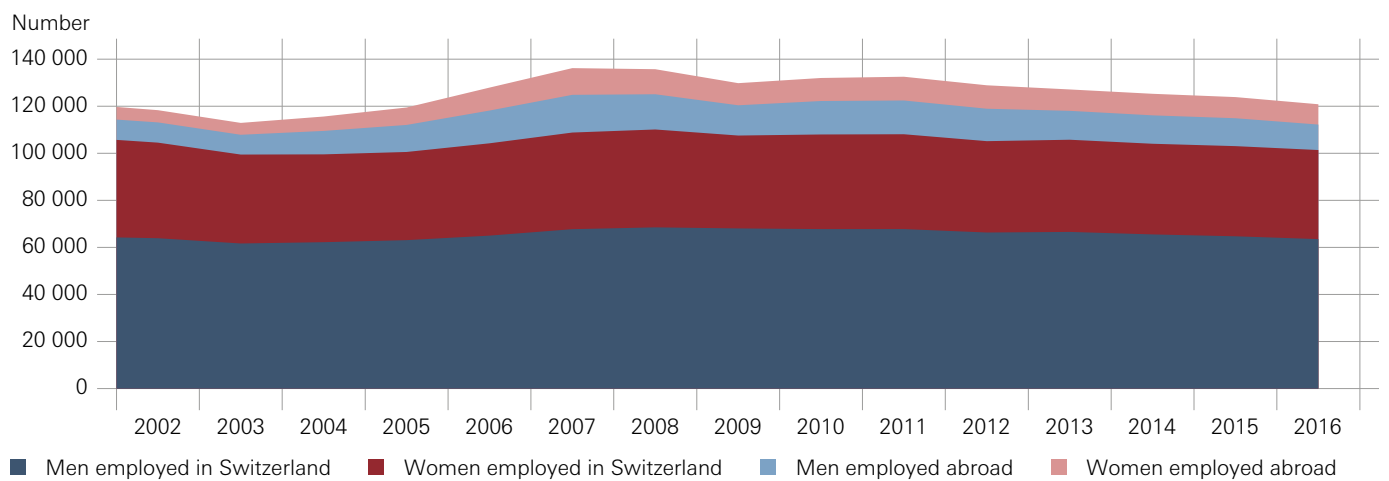
NUMBER OF STAFF

In full-time equivalents

	2016	Domestic Year-on-year change	2016	Foreign Year-on-year change	Domestic and foreign 2016	Year-on-year change
Men	63 524	–1.9%	10 828	–8.7%	74 352	–2.9%
Women	37 858	–1.2%	8 633	–4.0%	46 491	–1.7%
Total	101 382	–1.6%	19 460	–6.7%	120 843	–2.5%

Source: SNB

Chart 21

CHANGE IN STAFF NUMBERS

Average rate of interest and distribution by rate of interest

Persistently low interest rates were reflected in the average interest paid on asset and liability items in Swiss francs. The interest rate for most items declined again in 2016.

Under asset items in Swiss francs, the average rate of interest on domestic mortgage loans,¹ weighted by stocks, declined to 1.63% (down 13 basis points). The decrease affected all bank categories, ranging from –6 basis points for stock exchange banks to –14 basis points for the other banking institutions category. The average rate of interest on amounts due from domestic customers fell by 19 basis points to 1.99%.

For liability items in Swiss francs, the average rate of interest on domestic amounts due in respect of customer deposits declined as in previous years (down 5 basis

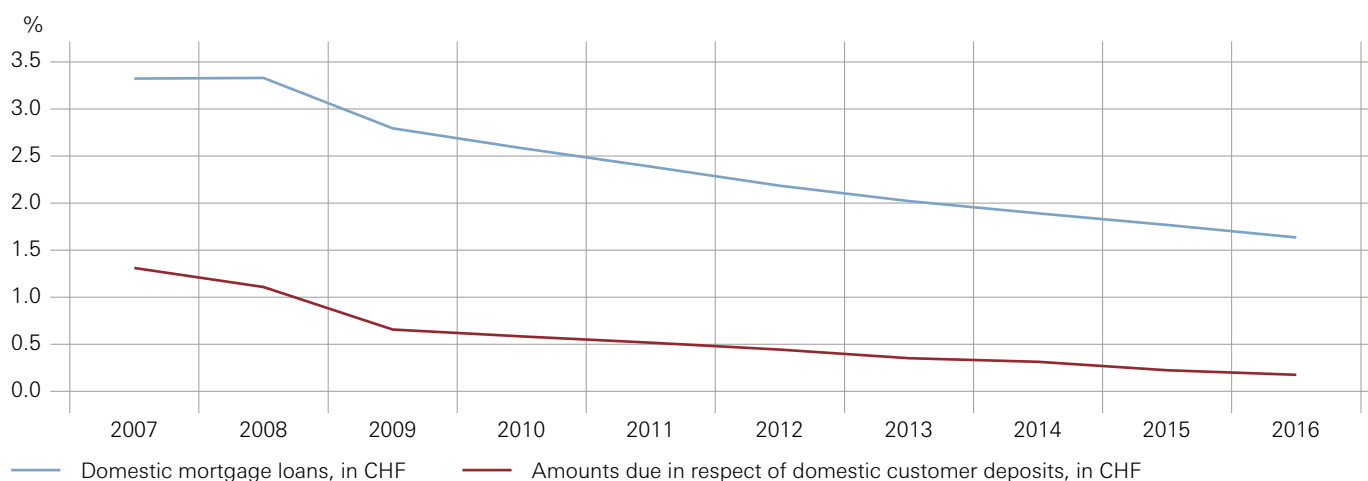
points to 0.18%), with the average rate of interest paid on customer deposits falling in all categories (down by between 3 and 10 basis points). The average rate of interest on liabilities from cash bonds decreased to 1.11% (down 19 basis points), while that on bonds, warrant issues and convertible bonds dropped to 1.35% (down 38 basis points).

Contrary to in previous years, the average rate of interest on amounts due from/to domestic banks in Swiss francs was up in both cases; on the claims side the interest rate rose to 0.16% (up 4 basis points), and on the liabilities side it increased to 0.13% (up 2 basis points).

¹ Not comparable with the reference interest rate for tenancies. For this rate, only banks in Switzerland whose domestic mortgage loans in Swiss francs exceed a total amount of CHF 300 million are required to report data.

Chart 22

AVERAGE RATE OF INTEREST ON SELECTED BALANCE SHEET ITEMS



Source: SNB

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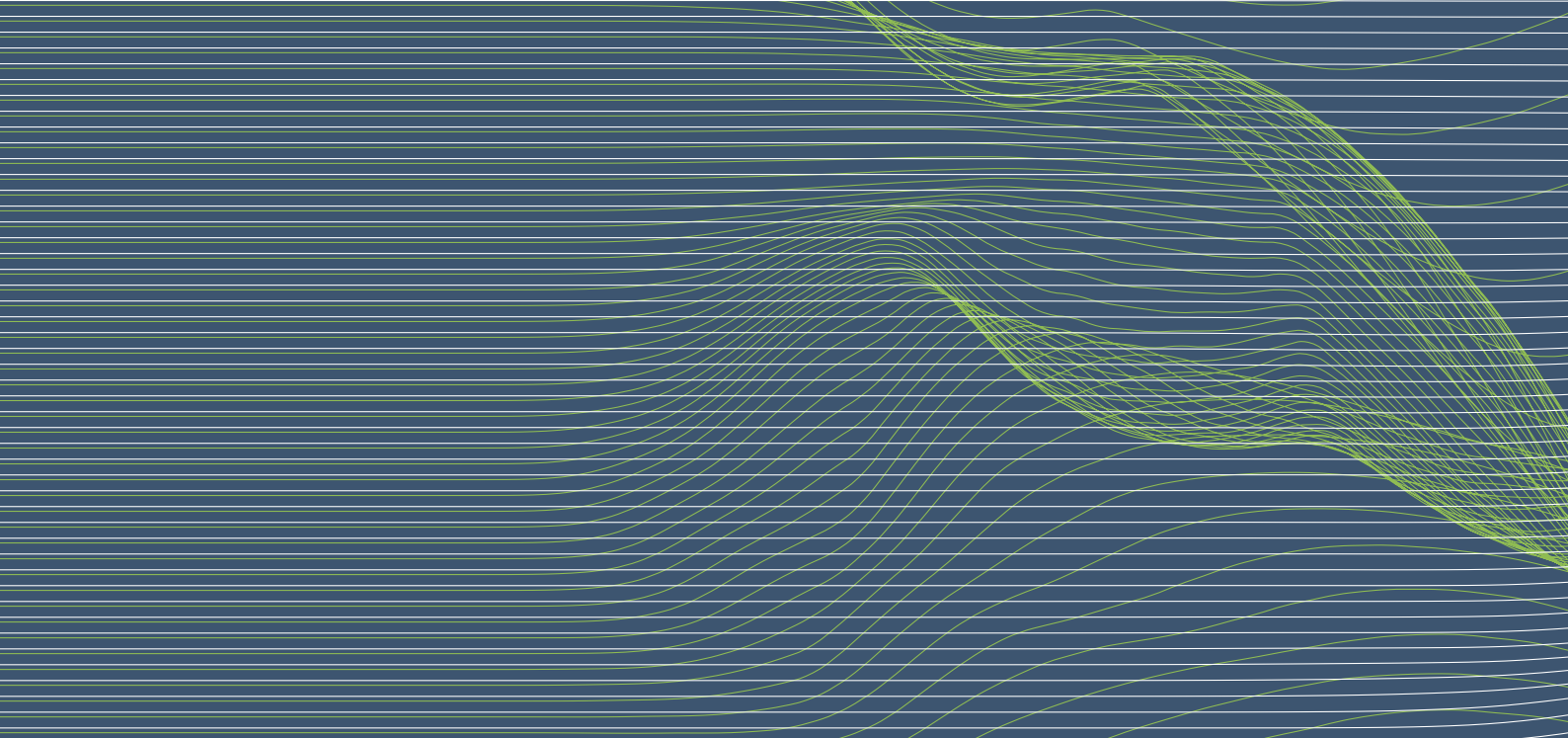
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