

## Press release

Frankfurt am Main  
13 March 2012  
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*Embargo: 13 March 2012, 11 am (CET)*

### **Bundesbank posts €0.6 billion profit in 2011**

The Deutsche Bundesbank posted a profit of €0.6 billion in 2011 compared with €2.2 billion in 2010. This profit was paid over in full to the Federal Government on 13 March 2012 pursuant to section 27 number 2 of the Bundesbank Act. “The main reason for the decline in profit is the increase in risk provisioning,” Dr Jens Weidmann, President of the Deutsche Bundesbank, explained on Tuesday at the Bundesbank’s annual balance sheet press conference. The Bundesbank stepped up its provisions for general risks by €4.1 billion to €7.7 billion, following an increase of €1.6 billion one year before. Dr Weidmann said that this year-on-year rise in provisions was attributable to risks stemming from central bank monetary policy operations, which had grown significantly in the wake of the sovereign debt crisis. “The counterparty credit risks arising from the government bond purchase programme and refinancing business have increased perceptibly as a result of the larger volume and the higher degree of risk,” Dr Weidmann pointed out.

The Bundesbank’s President explained that the sovereign debt crisis also continues to hold risks for overall economic developments in Germany. However, he qualified this by saying that the German economic outlook has improved distinctly of late: “The German economy is in remarkably good shape.” He noted that the labour market is still on an expansionary path and that, if crude oil prices stabilise, consumer price in-

flation should slow down in the course of the year. This, too, would benefit private consumption and hence general economic activity.

Despite the marked increase in risk provisioning, a rise in net interest income to €4.8 billion (2010: €3.6 billion) enabled the Bundesbank nonetheless to record a net profit for the year. Interest income totalling €8.6 billion (2010: €6.2 billion) exceeded interest expense of €3.8 billion (2010: €2.6 billion). “The reasons behind the increase in interest income were the higher Eurosystem interest rates on an annual average, and the larger holdings of euro-denominated securities,” remarked Dr hc Rudolf Böhmler, a member of the Bundesbank’s Executive Board.

By contrast, valuation gains are not included in the profit and loss account. These gains arise when valuing balance sheet items that are subject to market price fluctuations, and are reported instead under the balance sheet liability item “Revaluation accounts”. Last year they amounted to €129.4 billion (gold €124.8 billion, foreign exchange €3.7 billion, securities €0.8 billion).

Further information can be found in the Bundesbank’s *Annual Report 2011*, the German version of which is being published on our website [www.bundesbank.de](http://www.bundesbank.de) at 1.30 pm today (CET).

Attachments:            Annex 1 – Balance sheet as at 31 December 2011  
                                  Annex 2 – Profit and loss account for the year 2011

## Balance sheet of the Deutsche Bundesbank as at 31 December 2011

Assets			Liabilities		
	€ million	31.12.2010 € million		€ million	31.12.2010 € million
1 Gold and gold receivables	132 874	115 403	1 Banknotes in circulation	221 264	209 615
2 Claims on non-euro-area residents denominated in foreign currency			2 Liabilities to euro-area credit institutions related to monetary policy operations denominated in euro		
2.1 Receivables from the IMF	22 296	( 18 740 )	2.1 Current accounts	76 408	( 71 407 )
2.2 Balances with banks, portfolio investment, external loans and other external assets	29 433	( 27 957 )	2.2 Deposit facility	66 069	( 38 536 )
	51 730	46 697	2.3 Fixed-term deposits	86 395	( 36 489 )
3 Claims on euro-area residents denominated in foreign currency	18 128	–	2.4 Fine-tuning reverse operations	–	( – )
4 Claims on non-euro-area residents denominated in euro	–	–		228 873	146 431
5 Lending to euro-area credit institutions related to monetary policy operations denominated in euro			3 Other liabilities to euro-area credit institutions denominated in euro	–	–
5.1 Main refinancing operations	8 635	( 68 376 )	4 Liabilities to other euro-area residents denominated in euro		
5.2 Longer-term refinancing operations	47 112	( 33 460 )	4.1 General government deposits	745	( 173 )
5.3 Fine-tuning reverse operations	–	( 1 240 )	4.2 Other liabilities	4 756	( 756 )
5.4 Structural reverse operations	–	( – )		5 501	928
5.5 Marginal lending facility	49	( – )	5 Liabilities to non-euro-area residents denominated in euro	46 552	14 460
	55 797	103 076	6 Liabilities to euro-area residents denominated in foreign currency	7	15
6 Other claims on euro-area credit institutions denominated in euro	8 464	9 610	7 Liabilities to non-euro-area residents denominated in foreign currency	–	159
7 Securities of euro-area residents denominated in euro			8 Counterpart of special drawing rights allocated by the IMF	14 311	13 955
7.1 Securities held for monetary policy purposes	66 981	( 30 899 )	9 Intra-Eurosystem liabilities		
7.2 Other securities	4 886	( 5 246 )	9.1 Liabilities related to the issuance of ECB debt certificates	–	( – )
	71 867	36 146	9.2 Liabilities related to the allocation of euro banknotes within the Eurosystem (net)	170 489	( 157 105 )
8 Claims on the Federal Government	4 440	4 440	9.3 Other liabilities within the Eurosystem (net)	–	( – )
9 Intra-Eurosystem claims				170 489	157 105
9.1 Participating interest in the ECB	1 722	( 1 407 )	10 Items in course of settlement	1	2
9.2 Claims arising from the transfer of foreign reserves to the ECB	10 909	( 10 909 )	11 Other liabilities		
9.3 Claims related to the allocation of euro banknotes within the Eurosystem (net)	–	( – )	11.1 Off-balance-sheet instruments revaluation differences	418	( 0 )
9.4 Other claims within the Eurosystem (net)	463 263	( 325 535 )	11.2 Accruals and income collected in advance	641	( 443 )
	475 894	337 850	11.3 Sundry items	2 486	( 2 443 )
10 Items in course of settlement	3	1		3 545	2 886
11 Other assets			12 Provisions	12 046	7 996
11.1 Coins	805	( 763 )	13 Revaluation accounts	129 411	110 502
11.2 Tangible and intangible fixed assets	938	( 968 )	14 Capital and reserves		
11.3 Other financial assets	10 472	( 10 312 )	14.1 Capital	2 500	( 2 500 )
11.4 Off-balance-sheet instruments revaluation differences	–	( – )	14.2 Statutory reserves	2 500	( 2 500 )
11.5 Accruals and prepaid expenses	2 506	( 1 651 )		5 000	5 000
11.6 Sundry items	3 725	( 4 343 )	15 Profit for the year	643	2 206
	18 447	18 036		837 643	671 259
	837 643	671 259			

Discrepancies in the totals are due to rounding.

## Profit and loss account of the Deutsche Bundesbank for the year 2011

	€ million	2010 € million
1.1 Interest income	8 556	( 6 193 )
1.2 Interest expense	<u>-3 786</u>	( -2 623 )
1 Net interest income	4 770	3 570
2.1 Realised gains/losses arising from financial operations	617	( 688 )
2.2 Write-downs on financial assets and positions	- 3	( - 87 )
2.3 Transfers to/from provisions for general risks, foreign exchange risks and price risks	<u>-4 141</u>	( -1 631 )
2 Net result of financial operations, write-downs and risk provisions	-3 527	-1 030
3.1 Income from fees and commissions	67	( 67 )
3.2 Expense relating to fees and commissions	<u>- 19</u>	( - 17 )
3 Net income from fees and commissions	48	49
4 Income from participating interests	240	441
5 Net result arising from allocation of monetary income	323	417
6 Other income	<u>96</u>	91
Total net income	1 950	3 537
7 Staff costs	614	622
8 Other administrative expenses	306	252
9 Depreciation on tangible and intangible fixed assets	107	115
10 Banknote printing	71	125
11 Other expenses	<u>209</u>	218
Profit for the year	<u><u>643</u></u>	<u><u>2 206</u></u>

Discrepancies in the totals are due to rounding.