

## **Annual financial statements of the Swiss National Bank (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 NBA, art. 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 is information on the consolidated finances.

# 1 Parent company balance sheet as at 31 December 2009

In CHF millions

		31.12.2009	31.12.2008	Change
<b>Assets</b>	Item no. in Notes			
Gold holdings	01	34 757.9	27 521.2	+7 236.7
Claims from gold transactions	02	3 427.7	3 340.4	+87.3
Foreign currency investments	03, 31	94 680.2	47 428.8	+47 251.5
Reserve position in the IMF	04	1 230.8	724.7	+506.0
International payment instruments	29	5 555.9	244.5	+5 311.4
Monetary assistance loans	05, 29	348.9	326.3	+22.6
Claims from US dollar repo transactions		–	11 670.9	–11 670.9
Balances from swap transactions against Swiss francs	06	2 671.6	50 421.4	–47 749.8
Claims from Swiss franc repo transactions	28	36 207.9	50 320.6	–14 112.7
Claims against domestic correspondents		9.8	11.1	–1.3
Swiss franc securities	07	6 542.7	3 596.7	+2 946.0
Loan to stabilisation fund	08, 30	20 994.1	15 248.0	+5 746.0
Banknote stocks	09	107.2	136.5	–29.3
Tangible assets	10	365.2	382.8	–17.5
Participations	11, 30	147.8	148.0	–0.3
Other assets	12, 32	216.1	2 800.6	–2 584.5
<b>Total assets</b>		<b>207 263.8</b>	<b>214 322.6</b>	<b>–7 058.8</b>

<b>Liabilities</b>	Item no. in Notes	31.12.2009	31.12.2008	Change
Banknotes in circulation	13	49 966.2	49 160.8	+805.4
Sight deposits of domestic banks		44 992.9	37 186.2	+7 806.8
Liabilities towards the Confederation	14	6 182.7	8 803.7	-2 621.0
Sight deposits of foreign banks and institutions		2 640.6	3 799.8	-1 159.2
Other sight liabilities	15	3 286.0	1 383.8	+1 902.2
SNB debt certificates	16	27 473.1	24 424.9	+3 048.2
Other term liabilities		-	29 414.5	-29 414.5
Foreign currency liabilities	17	1 450.1	420.1	+1 030.0
Counterpart of special drawing rights allocated by the IMF		5 311.8	-	+5 311.8
Other liabilities	18, 32	58.5	1 279.8	-1 221.3
Provisions for operating risks	19	5.5	6.2	-0.7
Provisions for currency reserves		41 282.2	40 275.3	+1 006.9
Share capital	20	25.0	25.0	-
Distribution reserve <sup>1</sup>		14 634.2	22 871.7	-8 237.5
Annual result <sup>2</sup>		9 955.0	-4 729.1	+14 684.1
<b>Total liabilities</b>		<b>207 263.8</b>	<b>214 322.6</b>	<b>-7 058.8</b>

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

2 Before allocation to provisions for currency reserves.

## 2 Parent company income statement and appropriation of profit for 2009

In CHF millions

	Item no. in Notes	2009	2008	Change
Net result from gold	21	7 338.1	-698.8	+8 036.9
Net result from foreign currency positions	22	2 573.1	-4 375.2	+6 948.3
Net result from Swiss franc positions	23	281.3	550.8	-269.5
Net result, other	24	23.3	23.2	+0.1
<b>Gross income</b>		<b>10 215.8</b>	<b>-4 500.0</b>	<b>+14 715.8</b>
Banknote expenses		-40.7	-33.6	-7.1
Personnel expenses	25, 26	-117.0	-107.9	-9.1
General overheads	27	-67.3	-53.8	-13.5
Depreciation on tangible assets	10	-35.8	-33.7	-2.0
<b>Annual result</b>		<b>9 955.0</b>	<b>-4 729.1</b>	<b>+14 684.1</b>
Allocation to provisions for currency reserves		-3 054.9	-1 006.9	-2 048.0
<b>Distributable annual profit</b>		<b>6 900.1</b>	<b>-5 736.0</b>	<b>+12 636.1</b>
Released from (+)/allocated to (-) distribution reserve		-4 398.6	+8 237.5	-12 636.1
<b>Total profit distribution</b>		<b>2 501.5</b>	<b>2 501.5</b>	<b>-</b>
of which				
Payment of a dividend of 6%		1.5	1.5	-
Profit distribution to the Confederation and the cantons (in accordance with agreement of 14 March 2008)		2 500.0	2 500.0	-

### 3 Changes in equity capital (parent company)

In CHF millions

	Share capital	Provisions for currency reserves	Distribution reserve	Annual result	Total
<b>Equity capital as at 1 January 2008</b>	<b>25.0</b>	<b>39 524.3</b>	<b>18 128.7</b>	<b>7 995.5</b>	<b>65 673.5</b>
Endowment of provisions for currency reserves pursuant to NBA		751.0		-751.0	
Allocation to distribution reserve			4 743.0	-4 743.0	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-2 500.0	-2 500.0
Annual result of year under review				-4 729.1	-4 729.1
<b>Equity capital as at 31 December 2008 (before appropriation of profit)</b>	<b>25.0</b>	<b>40 275.3</b>	<b>22 871.7</b>	<b>-4 729.1</b>	<b>58 442.9</b>
<b>Equity capital as at 1 January 2009</b>	<b>25.0</b>	<b>40 275.3</b>	<b>22 871.7</b>	<b>-4 729.1</b>	<b>58 442.9</b>
Endowment of provisions for currency reserves pursuant to NBA		1 006.9		-1 006.9	
Release from distribution reserve			-8 237.5	8 237.5	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-2 500.0	-2 500.0
Annual result of year under review				9 955.0	9 955.0
<b>Equity capital as at 31 December 2009 (before appropriation of profit)</b>	<b>25.0</b>	<b>41 282.2</b>	<b>14 634.2</b>	<b>9 955.0</b>	<b>65 896.4</b>
<b>Proposed appropriation of profit</b>					
Endowment of provisions for currency reserves pursuant to NBA		3 054.9		-3 054.9	
Allocation to distribution reserve			4 398.6	-4 398.6	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-2 500.0	-2 500.0
<b>Equity capital after appropriation of profit</b>	<b>25.0</b>	<b>44 337.1</b>	<b>19 032.8</b>	<b>-</b>	<b>63 394.9</b>

## 4 Notes to the accounts (parent company) as at 31 December 2009

### 4.1 Accounting and valuation principles

#### General

##### Basic principles

This year's financial report has been drawn up in accordance with the provisions of the National Bank Act (NBA) and the Swiss Code of Obligations. For the existing items, the accounting and valuation principles remained unchanged from the previous year.

##### Changes from previous year

The *counterpart of special drawing rights allocated by the IMF* is a new item on the liability side. This liability is the counterpart item for the allocation of SDRs that the IMF conducted in the late summer of 2009.

The names of the *net result from foreign currency positions* (previously foreign currency investments) and *net result from Swiss franc positions* (previously Swiss franc investments) items have been changed to reflect the fact that these items now contain not only investments, but also substantial net results from liability items.

##### Recording of transactions

The Swiss National Bank's business transactions 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 transactions.

##### Accrual reporting

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 Swiss National Bank (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 for the members of the Bank Council.

## Balance sheet and income statement

Gold and negotiable financial instruments are stated in the balance sheet at market value or 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.

Valuation principles

Tangible assets are stated at their acquisition cost less required depreciation. Other items are stated at their nominal value inclusive of accrued interest. Foreign currency items 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 and sales proceeds are reported in *net result from gold*.

Gold holdings

In managing its investment portfolio, the National Bank lends a 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 in *net result from gold*.

Claims from gold transactions

In *foreign currency investments*, negotiable securities (money market paper, bonds and equity securities) as well as credit balances (sight deposit accounts, call money, time deposits and repos) are recorded. Securities, which make up the bulk of the foreign exchange investments, are stated at market value inclusive of accrued interest, while credit balances are stated at their 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 in *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 accounts. Interest income from securities lending is stated in *net result from foreign currency positions*.

Repos in foreign currency 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 National Bank. 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), which are the IMF's currency. A part of the quota has not been transferred to the IMF, but remains in a sight deposit account. The IMF can make use of these Swiss franc assets at any time. The income from interest on the reserve position as well as the exchange rate gains and losses from revaluation of the SDRs are stated in *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 arrangements with the IMF. These sight deposits attract interest at market conditions. Interest and exchange rate gains and losses are stated in *net result from foreign currency positions*.

The liability entered into through the allocation is stated in *counterpart of special drawing rights allocated by the IMF* on the liability 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 Poverty Reduction and Growth Facility (PRGF; including the interim PRGF). 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 PRGF credit account (including the interim PRGF). These loans are stated at their nominal value inclusive of accrued interest. Interest and exchange rate gains and losses are stated in *net result from foreign currency positions*. General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB), which are intended for special circumstances and are not guaranteed by the Confederation, have not been used. Therefore, they are only listed under irrevocable undertakings.

**Claims from repo transactions in US dollars**

The repo transactions in US dollars included in this balance sheet item were concluded in collaboration with other central banks. They are fully backed by collateral eligible for SNB repos and are stated at their year-end nominal value inclusive of accrued interest. There were no outstanding transactions at the end of 2009.



The SNB provides central banks and domestic and foreign commercial banks with Swiss francs in exchange for euros. The credit balances in euros are stated at their nominal value inclusive of accrued interest. The accrued interest and exchange rate gains and losses are recorded in *net result from foreign currency positions*.

**Balances from swap transactions**

The SNB uses repo transactions in Swiss francs to provide the banking system with liquidity or to withdraw liquidity from it. Claims from repo transactions are fully backed by securities eligible for SNB repos. Claims and liabilities from repo transactions are stated at their nominal value inclusive of accrued interest. Interest earnings and expenses are stated in *net result from Swiss positions*.

**Claims and liabilities from repo transactions in Swiss francs**

On behalf of the National Bank, domestic correspondents perform local cash redistribution transactions and cover the cash requirements of federal agencies and enterprises associated with the federal government (Swiss Post and Swiss Federal Railways). This results in short-term SNB claims, which attract interest at the call money rate. These claims are stated at their nominal value inclusive of accrued interest. Interest earnings are stated in *net result from Swiss franc positions*.

**Claims against domestic correspondents**

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

**Swiss franc securities**

As part of the measures aimed at strengthening the Swiss financial system adopted in autumn 2008, the SNB granted the stabilisation fund a secured loan. The loan is being reduced through partial repayments. Its total life can be extended in two stages from eight to twelve years. The loan is stated at its nominal value including 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 in *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 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 capitalised at their acquisition cost and stated in *banknote stocks*. Development costs that can be capitalised also fall under this balance sheet item. At the time a banknote first enters into circulation, its capitalised cost is proportionally charged to *banknote expenses*.

**Tangible assets**

Tangible assets comprise land and buildings, fixed assets under construction, and sundry tangible assets. Day-to-day maintenance expenses are stated in *general overheads*. Investments in buildings resulting in an increase in value are capitalised from an amount of CHF 100,000. Software purchases and developments are assessed on an individual basis and, if necessary, entered in the balance sheet. For sundry tangible assets, the minimum value for capitalisation is CHF 20,000. Acquisitions below this amount are charged directly to *general overheads*. Tangible assets are stated at their 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	No depreciation
Software	3 years
Sundry tangible assets	3–12 years

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 in *net result, other*.

**Participations**

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

The National Bank uses forward foreign exchange transactions, foreign exchange options, futures and interest rate swaps to manage its currency reserves. These are used to manage market positioning with regard to shares, interest rates and currencies (cf. also Risks posed by financial instruments, pp. 156–157).

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).

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

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

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.

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 their nominal value.

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 their nominal value inclusive of accrued interest. Interest expenses are recorded in *net result from Swiss franc positions*.

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 their nominal value.

**Derivative financial instruments**

**Accrued expenses and deferred income**

**Banknotes in circulation**

**Sight deposits of domestic banks**

**Liabilities towards the Confederation**

**Sight deposits of foreign banks and institutions**

**Other sight liabilities**

The main components in the *other sight liabilities* item are sight deposits of non-banks, accounts of active and retired staff members and of the SNB's pension funds. They are stated at their nominal value inclusive of accrued interest. Interest expenses are stated in *net result from Swiss franc positions*.

**SNB debt certificates**

To absorb liquidity from the market, the National Bank issues its own, interest-bearing debt certificates (SNB Bills) in Swiss francs. Money market management requirements dictate the frequency, term and amount of these issues. In addition, the SNB issues its own debt securities in US dollars (SNB USD Bills), which currently refinance the loan to the stabilisation fund. The SNB debt certificates are valued at their issue price plus cumulative discount accretion (i.e. the discount is amortised over the term of the issue). Interest expenses are stated in *net result from Swiss franc positions* or in *net result from foreign currency positions*.

**Other term liabilities**

This balance sheet item contains additional term liabilities in Swiss francs. They are stated at their nominal value inclusive of accrued interest. Interest expenses are stated in *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. They are stated at their nominal value inclusive of accrued interest. Interest expenses and exchange rate gains and losses are stated in *net result from foreign currency positions*.

**Counterpart of special drawing rights allocated by the IMF**

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 in *net result from foreign currency positions*.

**Provisions for operating risks**

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

**Provisions for currency reserves**

Art. 30 para. 1 NBA stipulates that the National Bank 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 capital* table (cf. p. 127). The allocation is made as part of the profit appropriation. The Bank Council decides on the level of these provisions once a year.

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 National Bank's total 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.

**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 and those of the SNB are 14% or 15% (depending on the employee's age). In accordance with Swiss GAAP FER 16, any share of actuarial surplus or deficit is shown on the asset side or reported as a liability.

**Pension fund**

### Valuation rates

**Valuation rates**

	31.12.2009 CHF	31.12.2008 CHF	Change In percent
1 US dollar (USD)	1.0336	1.0658	-3.0
1 euro (EUR)	1.4853	1.4895	-0.3
1 pound sterling (GBP)	1.6723	1.5595	+7.2
100 Danish kroner (DKK)	19.9600	19.9600	-
1 Canadian dollar (CAD)	0.9855	0.8733	+12.8
100 Japanese yen (JPY)	1.1142	1.1734	-5.0
1 Special Drawing Right (SDR)	1.6155	1.6384	-1.4
1 kilogram of gold	36 687.03	29 640.32	+23.8

## 4.2 Notes to the balance sheet and income statement

### Gold

**Item no. 01**

Breakdown by type	31.12.2009		31.12.2008	
	In tonnes	In CHF millions	In tonnes	In CHF millions
Gold ingots	908.4	33 325.9	889.5	26 364.2
Gold coins	39.0	1 432.1	39.0	1 157.0
Total <sup>1</sup>	947.4	34 757.9	928.5	27 521.2

<sup>1</sup> Total gold holdings also include lent gold shown under item no. 02.

## Item no. 02

## Claims from gold transactions

	31.12.2009 In tonnes	In CHF millions	31.12.2008 In tonnes	In CHF millions
Claims from secured gold lending <sup>1</sup>	92.6	3 423.0	111.5	3 336.7
Claims on metal accounts	0.1	4.7	0.1	3.7
<b>Total</b>	<b>92.7</b>	<b>3 427.7</b>	<b>111.6</b>	<b>3 340.4</b>

<sup>1</sup> Secured by collateral eligible for repo transactions with a market value of CHF 3,565.0 million (2008: 3,473.0. million).

## Item no. 03

## Foreign currency investments

Breakdown by investment type In CHF millions	31.12.2009	31.12.2008	Change
Sight deposits and call money	409.9	286.9	+123.0
Time deposits	33.5	1 169.5	-1 136.0
Reverse repos	-	365.8	-365.8
Money market instruments	815.7	458.8	+356.9
Bonds <sup>1</sup>	86 477.7	39 586.7	+46 891.0
Equities	6 943.4	5 561.1	+1 382.3
<b>Total</b>	<b>94 680.2</b>	<b>47 428.8</b>	<b>+47 251.4</b>

<sup>1</sup> Of which CHF 183.6 million (2008: CHF 52.0 million) lent under securities lending operations.

Breakdown by borrower category In CHF millions	31.12.2009	31.12.2008	Change
Governments	80 980.4	33 827.2	+47 153.2
Monetary institutions <sup>1</sup>	872.6	1 676.7	-804.1
Corporations	12 827.2	11 924.9	+902.3
<b>Total</b>	<b>94 680.2</b>	<b>47 428.8</b>	<b>+47 251.4</b>

<sup>1</sup> BIS, central banks and multilateral development banks.

Breakdown by currency <sup>1</sup> In CHF millions	31.12.2009	31.12.2008	Change
USD	28 523.6	13 853.9	+14 669.7
EUR	55 021.7	23 422.0	+31 599.7
GBP	4 877.9	4 524.5	+353.4
DKK	0.2	0.2	-
CAD	1 205.6	1 069.3	+136.3
JPY	5 050.2	4 558.3	+491.9
Other	1.1	0.4	+0.7
<b>Total</b>	<b>94 680.2</b>	<b>47 428.8</b>	<b>+47 251.4</b>

<sup>1</sup> Excluding foreign exchange derivatives. For a breakdown by currency including foreign exchange derivatives, cf. Risks posed by financial instruments, pp. 156–157.

## Reserve position in the IMF

Item no. 04

In CHF millions	31.12.2009	31.12.2008	Change
Swiss quota in the IMF <sup>1</sup>	5 587.6	5 666.4	-78.8
Less: IMF's Swiss franc sight balances at the SNB	-4 356.9	-4 941.6	+584.7
<b>Total</b>	<b>1 230.8</b>	<b>724.7</b>	<b>+506.0</b>

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

## Monetary assistance loans

Item no. 05

In CHF millions	31.12.2009	31.12.2008	Change
PRGF loan facility	11.6	27.8	-16.2
Interim PRGF loan facility <sup>1</sup>	337.3	298.4	+38.9
<b>Total</b>	<b>348.9</b>	<b>326.3</b>	<b>+22.6</b>

1 For undrawn loan commitments, cf. item no. 29, p. 149.

## Balances from swap transactions against Swiss francs

Item no. 06

Breakdown by counterparty category In millions	31.12.2009		31.12.2008	Change
	EUR	CHF	CHF	
Central banks	1 798.6	2 671.5	28 028.7	-25 357.2
Commercial banks	-	-	22 321.6	-22 321.6
Accrued interest	0.1	0.2	71.1	-70.9
<b>Total</b>	<b>1 798.7</b>	<b>2 671.6</b>	<b>50 421.4</b>	<b>-47 749.7</b>

## Swiss franc securities

Item no. 07

Breakdown by borrower category In CHF millions	31.12.2009	31.12.2008	Change
Governments	1 512.3	1 636.3	-124.0
Corporations	5 030.4	1 960.5	+3 069.9
<b>Total</b>	<b>6 542.7</b>	<b>3 596.7</b>	<b>+2 946.0</b>

Breakdown of Governments borrower category In CHF millions	31.12.2009	31.12.2008	Change
Swiss Confederation	963.8	1 085.4	-121.6
Cantons and municipalities	303.8	365.0	-61.2
Foreign states	244.7	185.9	+58.8
<b>Total</b>	<b>1 512.3</b>	<b>1 636.3</b>	<b>-124.0</b>

Breakdown of Corporations borrower category In CHF millions	31.12.2009	31.12.2008	Change
Domestic mortgage bond institutions	3 219.1	407.7	+2 811.4
Other domestic corporations <sup>1</sup>	430.9	51.4	+379.5
Foreign corporations <sup>2</sup>	1 380.3	1 501.4	-121.1
<b>Total</b>	<b>5 030.4</b>	<b>1 960.5</b>	<b>+3 069.9</b>

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

2 Banks, international organisations and other corporations.

#### Item no. 08

#### Loan to stabilisation fund

In CHF millions	31.12.2009	31.12.2008	Change
Short-term receivables	3.2	1.1	+2.1
Loan in USD <sup>1</sup>	16 508.8	12 828.4	+3 680.3
Loan in EUR <sup>1</sup>	1 392.5	918.2	+474.3
Loan in GBP <sup>1</sup>	2 755.4	1 500.3	+1 255.1
Loan in JPY <sup>1</sup>	334.2	-	+334.2
<b>Total<sup>2</sup></b>	<b>20 994.1</b>	<b>15 248.0</b>	<b>+5 746.0</b>

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

2 With subordination agreement on the loan in the amount of USD 1.9 billion (2008: USD 100 million).

#### Item no. 09

#### Banknote stocks

In CHF millions	Banknote stocks
Position as at 1 January 2008	126.9
Additions	40.8
Disposals	-31.2
Position as at 31 December 2008	136.5
Position as at 1 January 2009	136.5
Additions	10.6
Disposals	-39.9
Position as at 31 December 2009 <sup>1</sup>	107.2

1 Of which CHF 17 million in advance payments.



## Tangible assets

Item no. 10

In CHF millions	Land and buildings <sup>1</sup>	Fixed assets under construction	Software	Sundry tangible assets <sup>2</sup>	Total
<b>Historical cost</b>					
1 January 2009	498.2		25.3	61.6	585.1
Additions	2.2	1.0	12.4	2.6	18.2
Disposals			-7.0	-3.3	-10.3
Reclassified					
31 December 2009	500.4	1.0	30.7	60.9	593.0
<b>Cumulative value adjustments</b>					
1 January 2009	147.7		9.9	44.7	202.3
Scheduled depreciation	19.3		9.9	6.6	35.8
Disposals			-7.0	-3.3	-10.3
Reclassified					
31 December 2009	167.0		12.8	48.0	227.8
<b>Net book values</b>					
1 January 2009	350.5		15.4	16.9	382.8
31 December 2009	333.5	1.0	17.9	12.8	365.2

- 1 Insured value:  
CHF 409.0 million  
(2008: CHF 407.2 million).
- 2 Insured value:  
CHF 56.5 million  
(2008: CHF 54.5 million).

## Participations

Item no. 11

In CHF millions	Orell Füssli <sup>1</sup>	BIS <sup>2</sup>	Other	Total
Equity participation	33%	3%		
<b>2008</b>				
Book value as at 1 January 2008	46.0	90.2	0.6	136.8
Investments	-	-	0.8	0.8
Divestments	-	-	-	-
Valuation changes	11.0	-	-0.6	10.4
Book value as at 31 December 2008	57.0	90.2	0.8	148.0
<b>2009</b>				
Book value as at 1 January 2009	57.0	90.2	0.8	148.0
Investments <sup>3</sup>	-	-	0.8	0.8
Divestments	-	-	-	-
Valuation changes	-0.2	-	-0.8	-1.0
Book value as at 31 December 2009	56.7	90.2	0.8	147.8

- 1 Orell Füssli Holding Ltd Zurich, 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 Interests in StabFund (GP) AG and LiPro (LP) AG, each with a share capital of CHF 0.1 million. StabFund (GP) AG received UBS's option premium from the SNB as an equity contribution. This contribution has been exhausted.

**Item no. 12****Other assets**

In CHF millions	31.12.2009	31.12.2008	Change
Coins <sup>1</sup>	115.3	112.3	+3.0
Foreign banknotes	1.1	1.0	+0.1
Other accounts receivable	29.1	11.5	+17.6
Prepayments and accrued income	4.8	4.5	+0.3
Cheques and bills of exchange (collection business)	0.1	0.0	+0.1
Positive replacement values <sup>2</sup>	65.7	2 671.2	-2 605.5
<b>Total</b>	<b>216.1</b>	<b>2 800.6</b>	<b>-2 584.5</b>

1 Coins acquired from Swissmint destined for circulation.

2 Unrealised gains on financial instruments and on outstanding spot transactions (cf. item no. 32, p. 151).

**Item no. 13****Banknotes in circulation**

Breakdown by issue In CHF millions	31.12.2009	31.12.2008	Change
8th issue	48 596.3	47 731.6	+864.7
6th issue <sup>1</sup>	1 369.9	1 429.2	-59.3
<b>Total</b>	<b>49 966.2</b>	<b>49 160.8</b>	<b>+805.4</b>

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.

**Item no. 14****Liabilities towards the Confederation**

In CHF millions	31.12.2009	31.12.2008	Change
Sight liabilities	2 582.6	1 484.7	+1 097.9
Term liabilities	3 600.1	7 319.0	-3 718.9
<b>Total</b>	<b>6 182.7</b>	<b>8 803.7</b>	<b>-2 621.0</b>

**Item no. 15****Other sight liabilities**

In CHF millions	31.12.2009	31.12.2008	Change
Sight deposits of non-banks	3 064.9	1 186.8	+1 878.1
Deposit accounts <sup>1</sup>	221.1	196.9	+24.2
Cheque liabilities <sup>2</sup>	0.0	0.1	-0.1
<b>Total</b>	<b>3 286.0</b>	<b>1 383.8</b>	<b>+1 902.2</b>

1 These mainly comprise accounts of active and retired employees, plus liabilities towards SNB pension schemes. Current account liabilities towards the latter amounted to CHF 57.8 million as at 31 December 2009 (2008: CHF 43.7 million).

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

## SNB debt certificates

Item no. 16

In CHF millions	31.12.2009 USD	CHF	31.12.2008 CHF	Change
In Swiss francs (SNB Bills)		7 788.0	24 424.9	-16 636.9
In US dollars (SNB USD bills)	19 045.2	19 685.1	-	+19 685.1
Total		27 473.1	24 424.9	+3 048.2

## Foreign currency liabilities

Item no. 17

In CHF millions	31.12.2009	31.12.2008	Change
Sight liabilities	2.9	1.7	+1.1
Liabilities from repo transactions <sup>1</sup>	-	365.7	-365.7
Other foreign currency liabilities	1 447.3	52.6	+1 394.6
Total	1 450.1	420.1	+1 030.0

<sup>1</sup> Relating to the management of foreign currency investments.

## Other liabilities

Item no. 18

In CHF millions	31.12.2009	31.12.2008	Change
Other liabilities	15.6	8.1	+7.5
Accrued liabilities and deferred income	6.8	8.4	-1.6
Negative replacement values <sup>1</sup>	36.1	1 263.2	-1 227.1
Total	58.5	1 279.8	-1 221.3

<sup>1</sup> Unrealised losses on financial instruments and on outstanding spot transactions (cf. item no. 32, p. 151).

## Provisions for operating risks

In CHF millions	Provisions due to reorganisation	Other provisions	Total
Book value as at 1 January 2008	7.6	1.0	8.6
Formation	-	-	-
Release	-2.4	-	-2.4
Write-back	-0.1	-	-0.1
Book value as at 31 December 2008	5.2	1.0	6.2
Book value as at 1 January 2009	5.2	1.0	6.2
Formation	1.1	0.1	1.2
Release	-1.7	-	-1.7
Write-back	-0.2	-	-0.2
Book value as at 31 December 2009	4.4	1.1	5.5

## Share capital

## Shares

	2009	2008
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 <sup>1</sup>	SNBN/CH0001319265	
Closing price on 31 December in CHF	994	1 025
Market capitalisation in CHF	99 400 000	102 500 000
Annual high in CHF	1 075	1 425
Annual low in CHF	810	941
Average daily trading volume in number of shares	21	20

<sup>1</sup> Listed in the main segment of SIX Swiss Exchange.

## Breakdown of share ownership as at 31 December 2009

	Number of shares	In percentage of shares registered
<b>2,225 private shareholders with a total of</b>	<b>34 923</b>	<b>39.0<sup>1</sup></b>
of which 1,899 shareholders with 1–10 shares each		
of which 295 shareholders with 11–100 shares each		
of which 11 shareholders with 101–200 shares each <sup>2</sup>		
of which 20 shareholders with over 200 shares each <sup>2</sup>		
<b>78 public sector shareholders with a total of</b>	<b>54 518</b>	<b>61.0</b>
of which 26 cantons with a total of	38 981	
of which 24 cantonal banks with a total of	14 473	
of which 28 other public authorities and institutions with a total of	1 064	
<b>Total: 2,303 registered shareholders with a total of<sup>3</sup></b>	<b>89 441<sup>4</sup></b>	<b>100</b>
Registration applications pending or outstanding for	10 559	
<b>Total shares</b>	<b>100 000</b>	

- 1 14.3% are legal entities and 24.7% private individuals. Private shareholders account for 24.5% of voting rights.
- 2 Voting rights are limited to 100 shares.
- 3 In 2009, the number of shareholders rose by 36, and the number of registered shares rose by 892.
- 4 A total of 11,014 shares are in foreign ownership (accounting for 1.5% of voting rights).

## Principal shareholders

	31.12.2009		31.12.2008	
	Number of shares	Equity participation	Number of shares	Equity participation
Canton of Berne	6 630	6.63%	6 630	6.63%
Canton of Zurich	5 200	5.20%	5 200	5.20%
Theo Siegert, Düsseldorf <sup>1</sup>	4 995	4.99%	4 850	4.85%
Canton of Vaud	3 401	3.40%	3 401	3.40%
Canton of St Gallen	3 002	3.00%	3 002	3.00%

- 1 Subject to legal restrictions as a shareholder outside the public-law sector (art. 26 NBA).

## Item no. 21

## Net result from gold

Breakdown by type In CHF millions	2009	2008	Change
Net result from changes in market value <sup>1</sup>	7 329.4	-711.4	+8 040.8
Interest income from gold lending transactions	8.8	12.6	-3.9
<b>Total</b>	<b>7 338.1</b>	<b>-698.8</b>	<b>+8 036.9</b>

<sup>1</sup> Including valuation gains/losses from the sale of gold.

## Item no. 22

## Net result from foreign currency positions

Breakdown by origin In CHF millions	2009	2008	Change
Foreign currency investments	2 332.9	-4 124.9	+6 457.8
Reserve position in the IMF	-29.1	-36.6	+7.5
International payment instruments	-0.7	-6.2	+5.5
Monetary assistance loans	-0.5	-14.5	+14.0
SNB debt certificates <sup>1</sup>	1 969.5	-	+1 969.5
Foreign currency liabilities	107.5 <sup>2</sup>	-357.5	+465.0
Other foreign currency investments <sup>1</sup>	-1 806.5	164.4	-1 970.9
<b>Total</b>	<b>2 573.1</b>	<b>-4 375.2</b>	<b>+6 948.3</b>

<sup>1</sup> The positive result for SNB debt certificates (in US dollars) is due to exchange rate gains in excess of CHF 2 billion. This is offset by exchange rate losses on the loan to the stabilisation fund, which is recorded under other foreign currency investments.

<sup>2</sup> Exchange rate gains exceed interest expenses by the amount shown.

Breakdown by type In CHF millions	2009	2008	Change
Interest income	3 262.9	2 269.8	+993.1
Price gain/loss on interest-bearing paper and instruments	-96.5	1 163.4	-1 259.9
Interest expenses	-122.3	-359.2	+236.9
Dividend income	189.4	151.0	+38.4
Price gain/loss on equity securities and instruments	1 163.1	-2 928.5	+4 091.6
Exchange rate gain/loss	-1 807.7	-4 664.9	+2 857.2
Asset management, safe custody and other fees	-15.9	-6.8	-9.1
<b>Total</b>	<b>2 573.1</b>	<b>-4 375.2</b>	<b>+6 948.3</b>

<b>Breakdown of overall net result by currency</b> In CHF millions	<b>2009</b>	<b>2008</b>	<b>Change</b>
USD	-59.4	-168.0	+108.6
EUR	1 588.8	-2 141.0	+3 729.8
GBP	907.0	-1 630.2	+2 537.2
DKK	-	-109.9	+109.9
CAD	242.6	-337.2	+579.8
JPY	-71.0	75.3	-146.3
SDR	-30.3	-57.3	+27.0
Other	-4.7	-6.9	+2.2
<b>Total</b>	<b>2 573.1</b>	<b>-4 375.2</b>	<b>+6 948.3</b>

<b>Breakdown of exchange rate gain/loss by currency</b> In CHF millions	<b>2009</b>	<b>2008</b>	<b>Change</b>
USD	-1 124.8	-406.0	-718.8
EUR	-1 106.0	-2 596.5	+1 490.5
GBP	550.4	-1 937.6	+2 488.0
DKK	-	-117.3	+117.3
CAD	155.5	-290.7	+446.2
JPY	-244.7	773.6	-1 018.3
SDR	-38.4	-90.4	+52.0
Other	0.1	-0.1	+0.2
<b>Total</b>	<b>-1 807.7</b>	<b>-4 664.9</b>	<b>+2 857.2</b>

### Net result from Swiss franc positions

Item no. 23

<b>Breakdown by origin</b> In CHF millions	<b>2009</b>	<b>2008</b>	<b>Change</b>
Swiss franc securities	272.2	195.3	+76.9
Swiss franc repo transactions	35.2	574.7	-539.5
Other assets	0.3	0.1	+0.2
Liabilities towards the Confederation	-7.0	-193.0	+186.0
SNB debt certificates	-12.2	-17.8	+5.6
Other sight liabilities	-7.3	-8.5	+1.2
<b>Total</b>	<b>281.3</b>	<b>550.8</b>	<b>-269.5</b>

<b>Breakdown by type</b> In CHF millions	<b>2009</b>	<b>2008</b>	<b>Change</b>
Interest income	194.0	708.2	-514.2
Price gain/loss on interest-bearing paper and instruments	119.8	82.4	+37.4
Interest expenses	-17.0	-234.3	+217.3
Trading, safe custody and other fees	-15.5	-5.4	-10.1
<b>Total</b>	<b>281.3</b>	<b>550.8</b>	<b>-269.5</b>

**Item no. 24**

**Net result, other**

<b>Breakdown by type</b> In CHF millions	<b>2009</b>	<b>2008</b>	<b>Change</b>
Commission income	15.4	13.9	+1.4
Commission expenses	-13.9	-16.0	+2.0
Income from participations	11.9	21.3	-9.4
Income from real estate	4.1	4.5	-0.4
Other income	5.9	-0.6	+6.5
<b>Total</b>	<b>23.3</b>	<b>23.2</b>	<b>+0.1</b>

**Item no. 25**

**Personnel expenses**

<b>Breakdown by type</b> In CHF millions	<b>2009</b>	<b>2008</b>	<b>Change</b>
Wages, salaries and allowances	89.2	83.6	+5.7
Social security expenses	19.4	18.1	+1.2
Other personnel expenses	8.4	6.2	+2.2
<b>Total</b>	<b>117.0</b>	<b>107.9</b>	<b>+9.1</b>



Remuneration for the Bank Council <sup>1</sup> In CHF thousands	2009	2008	Change
Hansueli Raggenbass, President <sup>2,3</sup>	150.6	130.0	+20.6
Jean Studer, Vice President (as of 25 April 2008) <sup>2,3</sup>	75.6	57.2	+18.4
Gerold Bühler (as of 25 April 2008) <sup>2</sup>	45.0	26.7	+18.3
Ueli Forster (until 25 April 2008)	–	13.3	–13.3
Rita Fuhrer (as of 25 April 2008)	45.0	26.7	+18.3
Konrad Hummler <sup>5</sup>	53.4	47.5	+5.9
Armin Jans <sup>3,4</sup>	59.0	47.5	+11.5
Daniel Lampart <sup>5</sup>	53.4	47.5	+5.9
Franz Marty <sup>4</sup>	59.0	47.5	+11.5
Laura Sadis	45.0	40.0	+5.0
Olivier Steimer (as of 17 April 2009) <sup>5</sup>	32.8	–	+32.8
Fritz Studer <sup>4</sup>	59.0	47.5	+11.5
Alexandre Swoboda (until 17 April 2009) <sup>3,5</sup>	23.4	45.0	–21.6
<b>Total</b>	<b>701.2</b>	<b>576.4</b>	<b>+124.8</b>

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 the Compensation Committee.  
3 Member of the Nomination Committee.  
4 Member of the Audit Committee.  
5 Member of the Risk Committee.

Executive Management remuneration <sup>1</sup> In CHF thousands	2009		Total remuneration	Employer contributions to pension plans and Old Age and Survivors' Insurance Fund	Total	2008	
	Salaries	Miscellaneous <sup>2</sup>				Total <sup>4</sup>	Change
Three members of the Governing Board	2 499.3	194.3	<b>2 693.6</b>	579.5	3 273.1	3 043.1	+230.0
Jean-Pierre Roth, Chairman <sup>3</sup>	833.1	138.9	<b>972.0</b>	250.5	1 222.5	1 064.6	+157.9
Philipp M. Hildebrand	833.1	27.7	<b>860.8</b>	164.5	1 025.3	989.4	+35.9
Thomas Jordan	833.1	27.7	<b>860.8</b>	164.5	1 025.3	989.4	+35.9
Three alternate members of the Governing Board	1 260.0	119.6	<b>1 379.6</b>	487.3	1 866.9	1 484.2	+382.7
<b>Total</b>	<b>3 759.3</b>	<b>313.9</b>	<b>4 073.2</b>	<b>1 066.8</b>	<b>5 140.0</b>	<b>4 527.2</b>	<b>+612.8</b>

1 All remuneration is specified in SNB regulations; cf. also Corporate governance, pp. 107 et seq.  
2 Lump-sum compensation for representation expenses, General Abonnement travel card and further compensation in accordance with regulations.  
3 In addition, remuneration in the amount of CHF 66,648 for serving as Chairman of the Board of Directors at the BIS.  
4 Including one-off pension plan buy-out.

Like all employees, members of executive management are entitled to mortgage loans granted by the pension fund schemes and preferential interest rates (up to a limited amount) on SNB staff account credit balances. No additional remuneration as defined in art 663bbis para. 1 CO was paid.  
Of the members of the Bank Council and the Enlarged Governing Board, Philipp M. Hildebrand, Vice Chairman of the Governing Board, held five SNB shares and Dewet Moser, Member of the Enlarged Governing Board, held one SNB share, both as of 31 December 2009.

**Item no. 26****Employee benefit obligations<sup>1</sup>**

1 Pension funds do not have any employer contribution reserves.

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

Share of actuarial surplus of pension plans <sup>2</sup> In CHF millions	31.12.2009	31.12.2008	Change
Overfunding in accordance with Swiss GAAP FER 26 <sup>2</sup>	73.5	64.3	+9.2
SNB's share of actuarial surplus	-	-	-

Employee benefit expenses In CHF millions	2009	2008	Change
Employer contributions	13.1	12.1	+1.0
Change in share of actuarial surplus	-	-	-
Employee benefit expenses as part of personnel expenses	13.1	12.1	+1.0

**Item no. 27****General overheads**

In CHF millions	2009	2008	Change
Premises	9.5	8.2	+1.3
Maintenance of mobile tangible assets and software	14.1	10.1	+3.9
Consulting and other third-party support	17.5	11.4	+6.1
Administrative expenses	14.2	13.2	+1.0
Operating contributions <sup>1</sup>	6.2	5.3	+0.9
Other general overheads	5.7	5.4	+0.3
<b>Total</b>	<b>67.3</b>	<b>53.8</b>	<b>+13.5</b>

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

## 4.3 Notes regarding off-balance-sheet business

### Liquidity-shortage financing facility

Item no. 28

The liquidity-shortage financing facility is a credit line for banks 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	31.12.2009	31.12.2008	Change
Credit undertaking <sup>1</sup>	35 946.5	34 486.5	+1 460.0
of which drawn down	0.0	0.0	–
of which not drawn down	35 946.5	34 486.5	+1 460.0

1 Increase due to extension of credit lines.

### Irrevocable undertakings

Item no. 29

Irrevocable undertakings include credit arrangements that the Swiss National Bank has granted to the International Monetary Fund (IMF) in the context of international cooperation. The maximum liabilities arising from these are stated.

Overview: Undrawn credit lines provided to the IMF In CHF millions	31.12.2009	31.12.2008	Change
International payment instruments (two-way arrangement)	2 411.9	411.4	+2 000.5
Interim PRGF	27.1	112.1	–85.0
General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB)	2 487.9	2 523.1	–35.2
<b>Total</b>	<b>4 926.9</b>	<b>3 046.6</b>	<b>+1 880.3</b>

Details: International payment instruments (two-way arrangement <sup>1</sup> ) In CHF millions	31.12.2009	31.12.2008	Change
Credit undertaking	2 655.9	655.3	+2 000.6
of which drawn down	244.0	244.0	–0.0
of which not drawn down	2 411.9	411.4	+2 000.5

1 Undertaking to purchase SDRs against currency up to SDR 1,644 million (2008: SDR 400 million) or to return the SDRs in exchange for foreign currency. Without a federal guarantee.

Details: Interim PRGF <sup>1</sup> In CHF millions	31.12.2009	31.12.2008	Change
Credit undertaking	403.9	409.6	–5.7 <sup>2</sup>
of which drawn down	376.8	297.5	+79.3
of which not yet drawn down	27.1	112.1	–85.0

1 Limited-term credit undertaking to the IMF's trust fund amounting to SDR 250 million (cf. item no. 05, p. 137). With federally guaranteed repayment of principal and payment of interest.

2 Change due entirely to exchange rates.

1 Credit lines totalling SDR 1,540 million (of which a maximum of SDR 1,020 million in the context of the GAB) in favour of the IMF for special cases. Without a federal guarantee (cf. accountability report, chapter 7.1).

2 Change due entirely to exchange rates.

Details: General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB) <sup>1</sup>	31.12.2009	31.12.2008	Change
In CHF millions			
Credit undertaking	2 487.9	2 523.1	-35.2 <sup>2</sup>
of which drawn down	-	-	-
of which not drawn down	2 487.9	2 523.1	-35.2

#### Item no. 30

#### Other obligations not carried on the balance sheet

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

2 As at the end of 2008: funding commitment for the acquisition of the portfolio that had not yet been transferred. As at the end of 2009: funding commitment for contingent liabilities of the stabilisation fund.

In CHF millions	31.12.2009	31.12.2008	Change
Additional funding for BIS <sup>1</sup>	104.3	105.8	-1.5
Liabilities from long-term rental, maintenance and leasing contracts	8.3	9.4	-1.1
Contingent liabilities from procurement of banknotes	80.8	-	+80.8
Loan commitment to stabilisation fund <sup>2</sup>	3 934.6	42 279.9	-38 345.3
Total	4 128.0	42 395.1	-38 267.1

#### Item no. 31

#### Assets pledged or assigned as collateral for SNB liabilities

1 Collateral lodged in connection with repo and futures transactions.

In CHF millions	31.12.2009		31.12.2008	
	Book value	Liabilities or amount drawn down	Book value	Liabilities or amount drawn down
Foreign currency investments in USD	19.0	-	388.3	365.7
Foreign currency investments in EUR	179.1	-	301.5	-
Securities in CHF	94.3	-	161.7	-
Total <sup>1</sup>	292.4	-	851.4	365.7

## Outstanding financial instruments<sup>1</sup>

Item no. 32

In CHF millions	31.12.2009			31.12.2008		
	Contract value	Replacement value		Contract value	Replacement value	
		Positive	Negative		Positive	Negative
<b>Interest rate instruments</b>	<b>92 940.4</b>	<b>8.8</b>	<b>4.4</b>	<b>17 467.6</b>	<b>43.7</b>	<b>26.1</b>
Repo transactions in CHF <sup>2</sup>	8 727.0	-	-	8 349.0	-	-
Repo transactions in USD <sup>2</sup>	-	-	-	2 142.3	23.5	-
Forward contracts <sup>1</sup>	290.9	0.0	0.3	10.3	0.0	0.1
Interest rate swaps	1 680.6	8.5	4.1	385.1	19.8	25.9
Futures	82 241.9	0.2	0.0	6 580.9	0.3	0.1
<b>Foreign exchange</b>	<b>9 348.6</b>	<b>56.3</b>	<b>30.3</b>	<b>83 654.0</b>	<b>2 627.0</b>	<b>1 236.5</b>
Forward contracts <sup>1</sup>	9 120.9	56.3	29.7	83 218.0	2 627.0	1 231.2
Options	227.7	-	0.6	436.0	-	5.3
<b>Equities/indices</b>	<b>1 054.8</b>	<b>0.7</b>	<b>0.0</b>	<b>226.2</b>	<b>0.5</b>	<b>0.0</b>
Forward contracts <sup>1</sup>	6.0	0.0	0.0	2.3	0.1	0.0
Futures	1 048.8	0.7	-	223.9	0.5	0.0
<b>Stabilisation fund options</b>	<b>21 005.8</b>	<b>-</b>	<b>1.4</b>	<b>15 258.9</b>	<b>-</b>	<b>0.6</b>
Warrant <sup>3</sup>	10.0	-	-	10.0	-	-
GP purchase option <sup>4</sup>	1.5	-	1.4	0.7	-	0.6
Repurchase option <sup>5</sup>	20 994.3	-	-	15 248.2	-	-
<b>Total<sup>6</sup></b>	<b>124 349.6</b>	<b>65.7</b>	<b>36.1</b>	<b>116 606.7</b>	<b>2 671.2</b>	<b>1 263.2</b>

1 Including spot transactions with value date in the new year and forward contracts to finance the loan to the stabilisation fund.

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

3 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.

4 The SNB granted UBS the option to take over the share capital of StabFund (GP) AG, i. e. to purchase two shares in SNB StabFund Limited Partnership for Collective Investment.

5 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 portion of the loan that was paid to the fund as at 31 December 2009 plus the equity of both partner companies, StabFund (GP) AG and LiPro (LP) AG.

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

## 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 their nominal value inclusive of accrued interest.

In CHF millions	31.12.2009	31.12.2008	Change
Fiduciary investments for the Confederation	250.4	262.3	-11.9
Other fiduciary investments	1.8	-	+1.8

## 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 Swiss National Bank's (SNB) statutory mandate pursuant to art. 5 of the National Bank Act, 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. pp. 110–111, Corporate governance, cross-reference tables).

Strategic planning is oriented to the SNB's statutory mandate and the tasks arising from it. The strategy is approved by the Governing Board.

As part of the annual strategy process, changes in the environment and their effects on the National Bank's operations and regulations are analysed. The planning and budgeting processes conducted after the analysis phase assist in the operational management and combine the various elements of strategy, planning and budgeting. On this basis, project and staffing plans are prepared, along with the budgets for operating costs and investment. These planning results are approved by the Enlarged Governing Board, while the budget is authorised by the Bank Council.

The Enlarged Governing Board issues internal directives, the Charter and the Code of Conduct and decides on organisational matters that are of significance across the different departments. The Board of Deputies steers daily operations.

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.

**Control activities**

The departments and organisational units ensure that reporting is both appropriate and timely. To this end, communication channels are defined which 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. It assesses the appropriateness and effectiveness of the ICS and the procedures for monitoring compliance with laws and regulations, and supervises the activities of the external and internal auditors.

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

### **ICS pursuant to art. 728a para. 1 (3) of the Swiss Code of Obligations (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, book-keeping). This ensures that the SNB's financial position is correctly reported. The various controls performed for this purpose together make up the 'ICS for processes of relevance to the financial statements', which is managed by Central Accounting.

**Structure**

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 financial statements.

The Internal Auditors unit takes the ICS documentation into account when conducting its regular audits. It makes checks on a sample basis 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 external auditors as a basis for their 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, liquidity and country 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 pursuant to art. 663b (12) CO

Oversight

The Bank Council oversees and monitors the conduct of business by the National Bank. 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 oversee the management of financial and operational risks.

The 2008 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 27 February 2009. 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. For further information about the Bank Council and its committees, cf. Business report, chapter 3, Corporate governance (pp. 107–111).



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

**Risk strategy**

The Enlarged Governing Board has strategic responsibility for the management of operational risk. It defines risk policies and organisation, verifying both on a yearly basis. Furthermore, it determines risk tolerances and strategic measures for identifying, managing and monitoring risk.

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

The financial risks are continuously monitored by the Risk Management organisational unit. Each quarter, the Governing Board is informed about investment activities and risk control. The detailed risk reports are discussed by the Risk Committee of the Bank Council. Details of the investment and risk control process can be found in chapter 5 of the accountability report.

**Organisation with regard to financial risk**

The OpRisk Committee, which is made up of the Board of Deputies, is responsible for management and control of operational risk. It prepares the strategic guidelines and reports to the Enlarged Governing Board and ensures that the guidelines are applied throughout the bank.

**Organisation with regard to operational risk**

An OpRisk Specialist Committee made up of the managers of various line sections assists the Enlarged Governing Board and the OpRisk Committee in defining the strategy and implementing the measures related to operational risk. The Audit Committee discusses the detailed annual report on the management of operational risk.

The department heads ensure implementation of the guidelines on operational risk in their organisational units and monitor compliance with them. As a general principle, the organisational units evaluate and control the risks in their own operational area themselves.

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

**Overview of risk management**

### Organisation of risk management

	Oversight	Strategy	Implementation	
Financial risk	Risk Committee of Bank Council, Bank Council	Governing Board	Management of Department III	Risk Management unit
Operational risk	Audit Committee of Bank Council, Bank Council	Enlarged Governing Board	Board of Deputies	Line sections OpRisk Specialist Committee

**Legal matters**

Legal Services advises the executive management and the line managers in all legal matters arising from the SNB's operations. It also assesses the legal admissibility of central bank transactions on behalf of the Governing Board, monitors the regulatory and legal environment affecting the National Bank's operations and acts as advisory service for matters pertaining to money laundering.

**Risks posed by financial instruments****Risks incurred by the National Bank**

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 has been expanded. Significant factors from the point of view of risk were the illiquid UBS assets taken over into the stabilisation fund (for information on the risk of these assets, cf. p. 172) and the strong increase in foreign exchange holdings in 2009.

**Market risk**

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

The National Bank 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. Exchange rate risk on foreign exchange reserves is not hedged against Swiss francs as a matter of principle, because such hedging would restrict the SNB's freedom of action. Forward foreign exchange transactions and foreign exchange options are not used to hedge the currency risk against Swiss francs, but to achieve strategic or tactical positioning in the investment currencies. Owing to their marked fluctuations, the gold price and exchange rates are the principal risk factors for the investments.

**Gold and foreign  
currency risk**

Interest rate risk is of less significance to the SNB's investments than gold and foreign currency 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. The effect of interest rate fluctuations is calculated with a measure referred to as the 'price value of a basis point' (PVBP), which shows the impact on valuation of a simultaneous rise of 1 basis point (0.01 percentage points) in the yield curves for all investment currencies. If PVBP is positive, a loss is recorded. Duration is a measure of the average capital utilisation time, and thus is another indicator of interest rate risk. Duration increases in step with the residual maturity of the investments, and falls in step with rising coupon rates. The longer the duration, the greater the price losses when interest rates rise.

**Interest rate risk**

## Balance sheet by currency

In CHF millions	CHF	Gold	USD	EUR	Other	Total
Gold holdings		34 758				34 758
Claims from gold transactions		3 401	27			3 428
Foreign currency investments			28 524	55 022	11 135	94 680
Reserve position in the IMF					1 231	1 231
International payment instruments					5 556	5 556
Monetary assistance loans					349	349
Claims from US dollar repo transactions			-			-
Credit balances from swap transactions against Swiss francs				2 672		2 672
Claims from Swiss franc repo transactions	36 208					36 208
Securities in Swiss francs	6 543					6 543
Loan to stabilisation fund	3		16 509	1 393	3 090	20 994
Other	786		13	23	24	846
<b>Total assets as per balance sheet</b>	<b>43 539</b>	<b>38 158</b>	<b>45 073</b>	<b>59 109</b>	<b>21 384</b>	<b>207 264</b>
<b>Total liabilities as per balance sheet</b>	<b>-180 787</b>		<b>-21 156</b>	<b>-5</b>	<b>-5 317</b>	<b>-207 264</b>
Foreign exchange derivatives (net) <sup>1</sup>	276		5 261	-2 241	-3 268	26
Net exposure on 31 December 2009	-136 972	38 158	29 178	56 863	12 799	26
Net exposure on 31 December 2008	-77 209	30 829	13 949	22 295	11 485	1 348

<sup>1</sup> Delivery claims and delivery obligations from spot and forward foreign exchange transactions. The derivatives positions in euros mainly reflect EUR/CHF swaps with the European Central Bank.

## Interest-bearing investments

Position as at 31 December	2009			2008		
	Duration In years	Market value In CHF millions	PVBP <sup>1</sup> In CHF millions	Duration In years	Market value In CHF millions	PVBP <sup>1</sup> In CHF millions
Gold lending		3 428			3 340	
Investments in CHF <sup>2</sup>	5.3	6 543	3	4.9	3 597	2
Investments in USD	3.4	26 297	9	4.2	12 303	5
Investments in EUR	3.1	52 878	16	4.0	21 448	9
Investments in other currencies	4.0	8 562	3	4	8 117	3

1 Change in market value per basis point of parallel shift in the yield curve.  
2 Excluding repos.

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.

**Share price risk**

Risk is managed and limited by 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 all of these risk analyses.

**Total market risk**

Credit risk results from the possibility that counterparties or other issuers of securities will fail to meet their obligations. The National Bank incurs credit risk through its investments in securities and through over-the-counter (OTC) business with banks. This risk originates primarily from the replacement values of derivatives contracts. Additional credit risk is due to commitments to the IMF that are not guaranteed by the Confederation.

**Default risks: credit risk relating to regular financial instruments**

The SNB manages its credit risk with respect to counterparties through a system of limits that restricts the aggregated exposure for all types of business. An above-average rating is required for OTC transactions with banks. The vast majority of these counterparties are rated AA or similar. Also, certain transactions are secured by collateral. At the end of 2009, the National Bank's total unsecured exposure with respect to the international banking sector amounted to some CHF 1.7 billion (2008: CHF 2.9 billion). For borrowers in the bond market, a minimum rating of 'investment grade' is required. The rating allocation for investments is shown in chapter 5 of the accountability report. Credit risk is an insignificant part of total risk.

**Default risks: credit risk  
from stabilisation fund**

Furthermore, a credit risk is inherent in the loan to the stabilisation fund. This risk here is 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 covered.

Additional information on the stabilisation fund may be found in the accountability report (pp. 83–90).

**Country risk**

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.

**Liquidity 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 – EUR and USD – the SNB ensures a high level of liquidity for its foreign currency reserves. Liquidity risk is reassessed periodically.

## 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. 123–160) for the year ended 31 December 2009.

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.

**Bank Council'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. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

**Auditor's responsibility**

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 those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements for the year ended 31 December 2009 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.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the 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, 26 February 2010