

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 of the National Bank Act (NBA), arts. 663 et seq. CO).

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

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

1 Parent company balance sheet as at 31 December 2011

In CHF millions

		31.12.2011	31.12.2010	Change
Assets	Item no. in Notes			
Gold holdings	01	48 662.5	43 349.0	+5 313.5
Claims from gold transactions	02	717.5	638.9	+78.6
Foreign currency investments	03, 30	257 504.2	203 809.6	+53 694.6
Reserve position in the IMF	04	3 134.5	1 067.7	+2 066.8
International payment instruments	28	4 621.2	4 670.3	-49.1
Monetary assistance loans	05, 28	301.4	300.4	+1.0
Claims from US dollar repo transactions		370.5	-	+370.5
Claims from Swiss franc repo transactions	27	18 468.0	-	+18 468.0
Swiss franc securities	06	3 675.1	3 497.4	+177.7
Loan to stabilisation fund	07, 29	7 644.9	11 786.1	-4 141.2
Banknote stocks	08	129.8	110.9	+18.9
Tangible assets	09	325.4	356.3	-30.9
Participations	10, 29	147.2	146.3	+0.9
Other assets	11, 31	377.2	222.0	+155.2
Total assets		346 079.3	269 954.9	+76 124.4

		31.12.2011	31.12.2010	Change
Liabilities	Item no. in Notes			
Banknotes in circulation	12	55 728.9	51 498.0	+4 230.9
Sight deposits of domestic banks		180 720.7	37 950.7	+142 770.0
Liabilities towards the Confederation	13	5 647.5	5 347.2	+300.3
Sight deposits of foreign banks and institutions		1 884.5	3 779.4	-1 894.9
Other sight liabilities	14	28 447.9	1 839.2	+26 608.7
Liabilities from Swiss franc repo transactions		–	13 182.1	-13 182.1
SNB debt certificates	15	14 719.5	107 869.6	-93 150.1
Other term liabilities		366.4	–	+366.4
Foreign currency liabilities	16	551.6	1 068.7	-517.1
Counterpart of SDRs allocated by the IMF		4 734.6	4 736.5	-1.9
Other liabilities	17, 31	155.1	92.0	+63.1
Operating provisions	18	7.3	3.5	+3.8
Provisions for currency reserves ¹		45 061.3	44 337.1	+724.2
Share capital	19	25.0	25.0	–
Distribution reserve ²		-5 000.0	19 032.8	-24 032.8
Annual result ¹		13 028.9	-20 807.1	+33 836.0
Total liabilities		346 079.3	269 954.9	+76 124.4

1 Before allocation to provisions for currency reserves.

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

2 Parent company income statement and appropriation of profit for 2011

In CHF millions

	Item no. in Notes	2011	2010	Change
Net result from gold	20	5 392.3	5 836.3	-444.0
Net result from foreign currency positions	21	7 963.1	-26 492.5	+34 455.6
Net result from Swiss franc positions	22	-162.7	70.9	-233.6
Net result, other	23	94.8	28.2	+66.6
Gross income		13 287.6	-20 557.1	+33 844.7
Banknote expenses		-20.4	-21.4	+1.0
Personnel expenses	24, 25	-128.8	-116.4	-12.4
General overheads	26	-73.1	-73.6	+0.5
Depreciation on tangible assets	09	-36.2	-38.7	+2.5
Annual result		13 028.9	-20 807.1	+33 836.0
Allocation to provisions for currency reserves		-3 154.3	-724.2	-2 430.1
Distributable annual profit		9 874.7	-21 531.3	31 406.0
Released from (+)/allocated to (-) distribution reserve		-8 873.2	+24 032.8	-32 906.0
Total profit distribution		1 001.5	2 501.5	-1 500.0
Of which				
Payment of a dividend of 6%		1.5	1.5	-
Profit distribution to Confederation and cantons (in accordance with agreement of 21 November 2011)		1 000.0	2 500.0	-1 500.0

3 Changes in equity (parent company)

In CHF millions

	Share capital	Provisions for currency reserves	Distribution reserve	Annual result	Total
Equity as at 1 January 2010	25.0	41 282.2	14 634.2	9 955.0	65 896.4
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
Annual result				-20 807.1	-20 807.1
Equity as at 31 December 2010 (before appropriation of profit)	25.0	44 337.1	19 032.8	-20 807.1	42 587.8
Equity as at 1 January 2011	25.0	44 337.1	19 032.8	-20 807.1	42 587.8
Endowment of provisions for currency reserves pursuant to NBA		724.2		-724.2	
Release from distribution reserve			-24 032.8	24 032.8	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-2 500.0	-2 500.0
Annual result				13 028.9	13 028.9
Equity as at 31 December 2011 (before appropriation of profit)	25.0	45 061.3	-5 000.0	13 028.9	53 115.3
Proposed appropriation of profit					
Endowment of provisions for currency reserves pursuant to NBA		3 154.3		-3 154.3	
Allocation to distribution reserve			8 873.2	-8 873.2	
Distribution of dividends to shareholders				-1.5	-1.5
Profit distribution to Confederation and cantons				-1 000.0	-1 000.0
Equity after appropriation of profit	25.0	48 215.6	3 873.2	-	52 113.8

4 Notes to the annual financial statements of the parent company as at 31 December 2011

4.1 Accounting and valuation principles

General

Basic principles

This year's financial statement has been drawn up in accordance with the provisions of the National Bank Act (NBA) and the Swiss Code of Obligations (CO).

Changes from previous year

The SNB participates in the General Arrangements to Borrow (GAB) and the New Arrangements to Borrow (NAB) of the International Monetary Fund (IMF). The last expansion of the NAB was in 2010; the loans drawn down in 2011 were based on the expanded arrangements. The SNB's resulting claim against the IMF is recorded in the balance sheet under the reserve position in the IMF. The undrawn credit lines will continue to be recorded under irrevocable undertakings as off-balance-sheet business.

Compared with the previous year, there were no further changes to the accounting and valuation principles, and no new balance sheet items were introduced. Balance sheet items registering no balance or movement during the reporting period and the previous year are not shown.

Claims from US dollar repo transactions and the corresponding other term liabilities were introduced in December 2007. Discontinued in September 2009, US dollar repo transactions were resumed in August 2011 and from December 2011 onwards. Their accounting and valuation principles remained unchanged.

The practice employed for the recognition of tangible assets was standardised without any material impact.

Recording of transactions

The SNB'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 business.

Accrual accounting

Expenses are recognised in the financial year in which they are incurred, and income in the financial year in which it is earned.

Profit tax

Under art. 8 NBA, the SNB is exempt from taxation on profits. Tax exemption applies to both direct federal taxes and cantonal and municipal taxes.

Transactions with related parties

The rights of the SNB's shareholders are restricted by law. The shareholders cannot exert any influence on financial or operational decisions. Banking services provided to members of the executive management are carried out at normal banking industry conditions. No banking services are provided to members of the Bank Council.

Balance sheet and income statement

Gold holdings and negotiable financial instruments are stated in the balance sheet at fair value. Fair value reflects the price at which an asset could be exchanged or a liability settled between professional and independent parties. In a price-efficient and liquid market, fair value can be assessed on the basis of the relevant market price. If no such market exists, fair value will be determined on the basis of a valuation model.

Tangible assets are stated at acquisition cost less required depreciation. Other items are stated at nominal value inclusive of accrued interest.

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

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

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

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

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

Valuation principles

Gold holdings

Claims from gold transactions

Foreign currency investments

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

Reserve position in the IMF

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

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

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

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

International payment instruments

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

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

Monetary assistance loans

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

The repo transactions in US dollars included in this balance sheet item were concluded in collaboration with other central banks. The claims are fully backed by collateral eligible for SNB repos and are stated at year-end at nominal value inclusive of accrued interest.

**Claims from US dollar
repo transactions**

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

**Claims from Swiss franc
repo transactions**

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

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

Swiss franc securities

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

Loan to stabilisation fund

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

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

Banknote stocks

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

Tangible assets

Period of depreciation

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

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

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

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

Participations

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

Derivative financial instruments

The SNB uses forward foreign exchange transactions (including foreign exchange swaps), foreign exchange options, credit derivatives, futures and interest rate swaps to manage its currency reserves. These are used to manage market positioning with regard to shares, interest rates, credit risk and currencies (cf. also 'Risks posed by financial instruments', pp. 161 et seq.).

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

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

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

Accrued expenses and deferred income

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

Banknotes in circulation

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

Sight deposits of domestic banks

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

Liabilities towards the Confederation

The SNB holds sight deposit accounts for foreign banks and institutions which facilitate payment transactions in Swiss francs. These sight deposits do not bear interest and are stated at nominal value.

Sight deposits of foreign banks and institutions

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

Other sight liabilities

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

Liabilities from Swiss franc repo transactions

Liabilities arising from liquidity-absorbing repo transactions are stated at nominal value inclusive of accrued interest. Interest expenses are stated under net result from Swiss franc positions.

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, to refinance its loan to the stabilisation fund, the SNB issued its own debt securities in US dollars (SNB USD Bills). SNB Bills are valued at issue price plus cumulative discount accretion (i.e. the discount is amortised over the term of the issue). Interest expenses are stated under net result from Swiss franc positions or under net result from foreign currency positions.

SNB debt certificates

At the end of 2010, there were no outstanding debt certificates in US dollars, and in 2011, no debt certificates in US dollars were issued.

Other term liabilities

This balance sheet item contains additional term liabilities in Swiss francs which arose from swap transactions with the US Federal Reserve. They are stated at nominal value inclusive of accrued interest. Interest expenses are stated under net result from Swiss franc positions.

Foreign currency liabilities

Foreign currency liabilities are comprised of different sight liabilities and short-term term liabilities as well as repo transactions related to the management of foreign currency investments. These repo transactions (temporary transfer of securities against sight deposits, with reverse settlement on maturity) result in an increase in the balance sheet total. On the one hand, the securities remain on the SNB's books, while on the other, the cash received as well as the obligation to repay it on maturity are stated in the balance sheet. Foreign currency liabilities of this kind are stated at nominal value inclusive of accrued interest. Interest expenses and exchange rate gains and losses are stated under net result from foreign currency positions.

Counterpart of SDRs 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 under net result from foreign currency positions.

Operating provisions

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

Provisions for currency reserves

Art. 30 para. 1 NBA stipulates that the SNB set up provisions permitting it to maintain the currency reserves at the level necessary for monetary policy. In so doing, it must take into account economic developments in Switzerland. These special-law provisions are equity-like in nature and are incorporated in the 'Changes in equity' table (cf. p. 129). The allocation is made as part of the profit appropriation. The Bank Council decides on the level of these provisions once a year.

Distribution reserve

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

Pension fund

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

Valuation rates

	31.12.2011 CHF	31.12.2010 CHF	Change In percent
1 euro (EUR)	1.2172	1.2494	-2.6
1 US dollar (USD)	0.9378	0.9327	+0.5
100 Japanese yen (JPY)	1.2149	1.1479	+5.8
1 Canadian dollar (CAD)	0.9198	0.9348	-1.6
1 pound sterling (GBP)	1.4581	1.4529	+0.4
1 Australian dollar (AUD)	0.9558	0.9495	+0.7
100 Danish kroner (DKK)	16.3768	16.7600	-2.3
100 Swedish kronor (SEK)	13.6694	13.9100	-1.7
1 Singapore dollar (SGD)	0.7232	0.7283	-0.7
1 Special Drawing Right (SDR)	1.4400	1.4405	-0.0
1 kilogram of gold	47 472.70	42 289.16	+12.3

Valuation rates

4.2 Notes to the balance sheet and income statement

Gold holdings

Item no. 01

Breakdown by type	31.12.2011		31.12.2010	
	In tonnes	In CHF millions	In tonnes	In CHF millions
Gold ingots	986.0	46 809.4	986.0	41 698.3
Gold coins	39.0	1 853.1	39.0	1 650.7
Total ¹	1 025.1	48 662.5	1 025.1	43 349.0

¹ Total also includes lent gold shown under item no. 02.

Claims from gold transactions

Item no. 02

	31.12.2011		31.12.2010	
	In tonnes	In CHF millions	In tonnes	In CHF millions
Claims from secured gold lending ¹	14.9	713.3	14.9	634.9
Claims on metal accounts	0.1	4.2	0.1	3.9
Total	15.0	717.5	15.0	638.9

¹ Secured by collateral eligible for repo transactions with a market value of CHF 787.4 million (2010: CHF 657.2 million).

Foreign currency investments

Breakdown by investment type In CHF millions	31.12.2011	31.12.2010	Change
Sight deposits and call money	29 782.3	452.7	+29 329.6
Time deposits	–	404.5	–404.5
Claims from repo transactions	3 249.8	1 067.5	+2 182.3
Money market instruments	1 086.6	1 249.3	–162.7
Bonds ¹	202 814.2	179 209.2	+23 605.0
Equities	20 571.2	21 426.5	–855.3
Total²	257 504.2	203 809.6	+53 694.6

1 Of which CHF 608.1 million (2010: CHF 275.4 million) lent under securities lending operations.

2 As at end of 2011, including investments in connection with foreign exchange swaps.

Breakdown by borrower category In CHF millions	31.12.2011	31.12.2010	Change
Governments	195 533.5	173 179.9	+22 353.6
Monetary institutions ¹	8 781.5	963.3	+7 818.2
Corporations	53 189.2	29 666.5	+23 522.7
Total	257 504.2	203 809.6	+53 694.6

1 BIS, central banks and multilateral development banks.

Breakdown by currency ¹ In CHF millions	31.12.2011	31.12.2010	Change
EUR	146 654.8	111 956.3	+34 698.5
USD	59 029.8	50 632.0	+8 397.8
JPY	21 546.6	20 708.2	+838.4
CAD	11 054.3	8 439.0	+2 615.3
GBP	10 941.5	6 334.7	+4 606.8
AUD	3 203.1	2 673.8	+529.3
DKK	1 990.3	1 002.9	+987.4
SEK	2 022.1	1 032.6	+989.5
SGD	1 061.1	1 029.8	+31.3
Other	0.5	0.3	+0.2
Total	257 504.2	203 809.6	+53 694.6

1 Excluding foreign exchange derivatives. For a breakdown by currency including foreign exchange derivatives, cf. 'Risks posed by financial instruments', pp. 161 et seq.

Reserve position in the IMF

Item no. 04

In CHF millions	31.12.2011	31.12.2010	Change
Swiss quota in the IMF ¹	4 980.6	4 982.6	-2.0
Less: IMF's Swiss franc sight balances at the SNB	-2 926.5	-3 915.0	+988.5
Loan based on New Arrangements to Borrow (NAB) ²	1 080.4	-	+1 080.4
Total	3 134.5	1 067.7	+2 066.8

1 Change in quota: SDR 3,458.5 million; due entirely to exchange rates.

2 For undrawn loan commitments, cf. item no. 28, p. 153.

Monetary assistance loans

Item no. 05

In CHF millions	31.12.2011	31.12.2010	Change
PRGT loan facility ¹	-	-	-
Interim PRGT loan facility ²	301.4	300.4	+1.0
Total	301.4	300.4	+1.0

1 Poverty Reduction and Growth Trust of the International Monetary Fund.

2 For undrawn loan commitments, cf. item no. 28, p. 153.

Swiss franc securities

Item no. 06

Breakdown by borrower category In CHF millions	31.12.2011	31.12.2010	Change
Governments	1 557.7	1 509.1	+48.6
Corporations	2 117.4	1 988.3	+129.1
Total	3 675.1	3 497.4	+177.7

Breakdown of governments borrower category In CHF millions	31.12.2011	31.12.2010	Change
Swiss Confederation	868.8	867.0	+1.8
Cantons and municipalities	387.3	355.7	+31.6
Foreign states	301.6	286.4	+15.2
Total	1 557.7	1 509.1	+48.6

Breakdown of <i>corporations</i> borrower category In CHF millions	31.12.2011	31.12.2010	Change
Domestic mortgage bond institutions	743.1	546.6	+196.5
Other domestic corporations ¹	74.9	79.4	-4.5
Foreign corporations ²	1 299.5	1 362.2	-62.7
Total	2 117.4	1 988.3	+129.1

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

2 Banks, international organisations and other corporations.

Item no. 07

Loan to stabilisation fund

In CHF millions	31.12.2011	31.12.2010	Change
Short-term receivables	0.4	0.7	-0.3
Loan in USD ¹	5 755.4	8 983.1	-3 227.7
Loan in EUR ¹	339.1	706.5	-367.4
Loan in GBP ¹	1 332.6	1 890.3	-557.7
Loan in JPY ¹	217.5	205.5	+12.0
Total²	7 644.9	11 786.1	-4 141.2

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 (2010: USD 1.9 billion).

Item no. 08

Banknote stocks

In CHF millions	Banknote stocks
As at 1 January 2010	107.2
Additions	24.8
Disposals	-21.0
As at 31 December 2010	110.9
As at 1 January 2011	110.9
Additions	38.7
Disposals	-19.8
As at 31 December 2011 ¹	129.8

1 Of which CHF 28.8 million in advance payments.

Tangible assets

Item no. 09

In CHF millions	Land and buildings ¹	Fixed assets under construction	Software	Sundry tangible assets ²	Total
Historical cost					
1 January 2011	503.6	9.5	41.9	63.3	618.3
Additions	3.5	8.1	7.5	6.3	25.4
Disposals	-27.3	-	-10.8	-8.4	-46.5
Reclassified	9.5	-9.5	-	0.0	-
31 December 2011	489.4	8.1	38.5	61.2	597.2
Cumulative value adjustments					
1 January 2011	186.5		24.1	51.5	262.0
Scheduled depreciation	18.9		11.6	5.8	36.2
Disposals	-7.4		-10.8	-8.3	-26.5
Reclassified	0.0		-	0.0	-
31 December 2011	198.0		24.8	49.0	271.8
Net book values					
1 January 2011	317.1	9.5	17.8	11.8	356.3
31 December 2011	291.4	8.1	13.7	12.2	325.4

1 Insured value: CHF 397.5 million (2010: CHF 429.2 million); disposals from sale of premises in Geneva.

2 Insured value: CHF 56.8 million (2010: CHF 56.5 million).

Item no. 10

Participations

In CHF millions	Orell Füssli ¹	BIS ²	Other ³	Total
Equity interest	33%	3%		
Book value as at 1 January 2010	56.7	90.2	0.8	147.8
Investments	-	-	-	-
Divestments	-	-	-	-
Valuation changes	-1.5	-	-	-1.5
Book value as at 31 December 2010	55.2	90.2	0.8	146.3
Book value as at 1 January 2011	55.2	90.2	0.8	146.3
Investments	-	-	-	-
Divestments	-	-	-	-
Valuation changes	+0.9	-	-	+0.9
Book value as at 31 December 2011	56.1	90.2	0.8	147.2

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

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

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

Item no. 11

Other assets

In CHF millions	31.12.2011	31.12.2010	Change
Coins ¹	118.9	135.1	-16.2
Foreign banknotes	1.1	1.0	+0.1
Other accounts receivable	16.3	0.3	+16.0
Prepayments and accrued income	2.9	2.5	+0.4
Cheques and bills of exchange (collection business)	0.0	0.1	-0.1
Positive replacement values ²	238.1	83.0	+155.1
Total	377.2	222.0	+155.2

1 Coins acquired from Swissmint destined for circulation.

2 Unrealised gains on financial instruments and on outstanding spot transactions (item no. 31, p. 156).

Banknotes in circulation

Item no. 12

Breakdown by issue In CHF millions	31.12.2011	31.12.2010	Change
8th issue	54 450.6	50 178.0	+4 272.6
6th issue ¹	1 278.3	1 320.0	-41.7
Total	55 728.9	51 498.0	+4 230.9

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

Liabilities towards the Confederation

Item no. 13

In CHF millions	31.12.2011	31.12.2010	Change
Sight liabilities	4 647.5	847.1	+3 800.4
Term liabilities	1 000.0	4 500.1	-3 500.1
Total	5 647.5	5 347.2	+300.3

Other sight liabilities

Item no. 14

In CHF millions	31.12.2011	31.12.2010	Change
Sight deposits of non-banks	28 199.2	1 588.2	+26 611.0
Deposit accounts ¹	248.8	251.0	-2.2
Cheque liabilities ²	0.0	0.0	-0.0
Total	28 447.9	1 839.2	+26 608.7

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 36.2 million as at 31 December 2011 (2010: CHF 54.6 million).

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

SNB debt certificates

Item no. 15

In millions	31.12.2011		31.12.2010		Change
	USD	CHF	CHF		
In CHF (SNB Bills)		14 719.5	107 869.6		-93 150.1
In USD (SNB USD Bills) ¹	-	-	-	-	-
Total	-	14 719.5	107 869.6	-	-93 150.1

¹ Final redemptions in December 2010.

Item no. 16

Foreign currency liabilities

In CHF millions	31.12.2011	31.12.2010	Change
Sight liabilities	5.4	1.3	+4.1
Liabilities from repo transactions ¹	546.2	1 067.4	-521.2
Other foreign currency liabilities	0.1	-	+0.1
Total	551.6	1 068.7	-517.1

1 Relating to the management of foreign currency investments.

Item no. 17

Other liabilities

In CHF millions	31.12.2011	31.12.2010	Change
Other liabilities	12.2	15.6	-3.4
Accrued liabilities and deferred income	8.1	11.7	-3.6
Negative replacement values ¹	134.8	64.7	+70.1
Total	155.1	92.0	+63.1

1 Unrealised losses on financial instruments and on outstanding spot transactions (item no. 31, p. 156).

Item no. 18

Operating provisions

In CHF millions	Provisions due to reorganisation	Other provisions	Total
Book value as at 1 January 2010	4.4	1.1	5.5
Formation	0.2	0.1	0.3
Release	-2.2	-0.1	-2.3
Write-back	-0.0	-	-0.0
Book value as at 31 December 2010	2.4	1.1	3.5
Book value as at 1 January 2011	2.4	1.1	3.5
Formation	4.7 ¹	0.1	4.8
Release	-1.0	-0.1	-1.1
Write-back	-	-	-
Book value as at 31 December 2011	6.2	1.1	7.3

1 Relating to the closure of the branch office in Geneva.

Shares

	2011	2010
Share capital in CHF	25 000 000	25 000 000
Nominal value in CHF	250	250
Number of shares	100 000	100 000
Symbol/ISIN ¹	SNBN/CH0001319265	
Closing price on 31 December in CHF	947	990
Market capitalisation in CHF	94 700 000	99 000 000
Annual high in CHF	1 290	1 075
Annual low in CHF	915	956
Average daily trading volume in number of shares	44	21

¹ Listed under the Main Standard (formerly Main Market segment) on SIX Swiss Exchange; moved as of 1 January 2012 to the Domestic Standard (formerly Local Caps segment).

Breakdown of share ownership as at 31 December 2011

	Number of shares	In percentage of shares registered
2,185 private shareholders with a total of	31 298	37.03¹
Of which 1,866 shareholders with 1–10 shares each		
Of which 285 shareholders with 11–100 shares each		
Of which 17 shareholders with 101–200 shares each ²		
Of which 17 shareholders with over 200 shares each ²		
76 public sector shareholders with a total of	53 214	62.97
Of which 26 cantons with a total of	38 981	
Of which 24 cantonal banks with a total of	13 673	
Of which 26 other public authorities and institutions with a total of	560	
Total 2,261 registered shareholders with a total of³	84 512⁴	100
Registration applications pending or outstanding for	15 488	
Total shares	100 000	

¹ Legal entities: 8,548 shares (10.11%); private individuals: 22,750 shares (26.92%). Private shareholders account for 21.24% of voting rights.

² Voting rights are limited to 100 shares.

³ In 2011, the number of shareholders decreased by 52 and the number of registered shares fell by 1,464.

⁴ Of which 8,733 shares are in foreign ownership (accounting for 1.40% of voting rights).

Principal shareholders

	31.12.2011		31.12.2010	
	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%
Canton of Vaud	3 401	3.40%	3 401	3.40%
Canton of St Gallen	3 002	3.00%	3 002	3.00%

Principal shareholders: private individuals¹

	31.12.2011		31.12.2010	
	Number of shares	Equity participation	Number of shares	Equity participation
Theo Siegert, Düsseldorf	5 950	5.95%	5 550	5.55%

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

Item no. 20

Net result from gold

Breakdown by type In CHF millions	2011	2010	Change
Net result from changes in market value	5 391.3	5 826.8	-435.5
Interest income from gold lending transactions	1.0	9.5	-8.5
Total	5 392.3	5 836.3	-444.0

Item no. 21

Net result from foreign currency positions

Breakdown by origin In CHF millions	2011	2010	Change
Foreign currency investments	7 749.3	-24 927.1	+32 676.4
Reserve position in the IMF	67.3	-126.4	+193.7
International payment instruments	-2.7	-1.1	-1.6
Monetary assistance loans	2.2	-36.0	+38.2
SNB debt certificates	-	-502.2	+502.2
Foreign currency liabilities	-20.8	-52.1	+31.3
Other foreign currency positions ¹	167.9	-847.5	+1 015.4
Total	7 963.1	-26 492.5	+34 455.6

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

Breakdown by type In CHF millions	2011	2010	Change
Interest income ¹	5 763.3	5 107.4	+655.9
Price gain/loss on interest-bearing paper and instruments	3 722.7	-692.1	+4 414.8
Interest expenses	-38.8	-60.6	+21.8
Dividend income	562.3	320.6	+241.7
Price gain/loss on equity securities and instruments	-1 915.5	1 542.1	-3 457.6
Exchange rate gain/loss	-123.9	-32 699.6	+32 575.7
Asset management, safe custody and other fees	-6.9	-10.3	+3.4
Total	7 963.1	-26 492.5	+34 455.6

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

Breakdown of overall net result by currency In CHF millions	2011	2010	Change
EUR ¹	1 835.8	-18 665.6	+20 501.4
USD ¹	3 855.0	-6 219.3	+10 074.3
JPY ¹	632.0	-466.4	+1 098.4
CAD	256.0	-335.7	+591.7
GBP ¹	688.4	-480.7	+1 169.1
AUD	374.2	37.1	+337.1
DKK	84.8	-91.2	+176.0
SEK	145.8	-57.4	+203.2
SGD	31.3	-43.5	+74.8
SZR	66.8	-163.5	+230.3
Other	-6.9	-6.2	-0.7
Total	7 963.1	-26 492.5	+34 455.6

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

Breakdown of exchange rate gain/loss by currency In CHF millions	2011	2010	Change
EUR ¹	-2 098.2	-21 202.4	+19 104.2
USD ¹	424.0	-8 931.9	+9 355.9
JPY ¹	1 217.7	-670.9	+1 888.6
CAD	-97.9	-619.7	+521.8
GBP ¹	343.9	-1 020.2	+1 364.1
AUD	41.0	61.7	-20.7
DKK	-15.2	-91.6	+76.4
SEK	8.3	-24.6	+32.9
SGD	-5.7	-31.4	+25.7
SZR	58.2	-168.6	+226.8
Other	0.0	0.0	-0.0
Total	-123.9	-32 699.6	-32 575.7

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

Item no. 22

Net result from Swiss franc positions

Breakdown by origin In CHF millions	2011	2010	Change
Swiss franc securities	188.0	239.7	-51.7
Liquidity-providing Swiss franc repo transactions	-16.5	3.4	-19.9
Liquidity-absorbing Swiss franc repo transactions	-11.9	-14.1	+2.2
Other assets	0.0	0.0	+0.0
Liabilities towards the Confederation	-2.7	-5.3	+2.6
SNB debt certificates	-313.1	-146.3	-166.8
Other sight liabilities	-6.5	-6.5	+0.0
Total	-162.7	70.9	-233.6

Breakdown by type In CHF millions	2011	2010	Change
Interest income	89.8	139.9	-50.1
Price gain/loss on interest-bearing paper and instruments	105.0	110.3	-5.3
Interest expenses	-306.8	-120.9	-185.9
Trading, safe custody and other fees	-50.6	-58.4	+7.8
Total	-162.7	70.9	-233.6

Net result, other

Item no. 23

In CHF millions	2011	2010	Change
Commission income	11.1	14.2	-3.1
Commission expenses	-10.3	-12.7	+2.4
Income from participations	9.3	18.9	-9.6
Income from real estate	3.6	3.8	-0.2
Other income ¹	81.2	4.0	+77.2
Total	94.8	28.2	+66.6

¹ Of which CHF 77.6 million (2010: CHF 0.8 million) from sale of tangible assets (primarily from sale of premises in Geneva).

Personnel expenses

Breakdown by type In CHF millions	2011	2010	Change
Wages, salaries and allowances	96.1	90.4	+5.7
Social security expenses	20.6	17.7	+2.9
Other personnel expenses ¹	12.2	8.2	+4.0
Total	128.8	116.4	+12.4

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

Remuneration for the Bank Council ¹ In CHF thousands	2011	2010	Change
Hansueli Raggenbass, President ^{2,3}	147.8	145.0	+2.8
Jean Studer, Vice President ^{2,3}	72.8	70.0	+2.8
Gerold Bühler ^{2,4}	53.4	45.0	+8.4
Monika Bütler (as of 30 April 2010)	45.0	30.0	+15.0
Rita Fuhrer (until 30 April 2010)	–	15.0	–15.0
Alfredo Gysi (as of 1 May 2011) ⁵	32.8	–	+32.8
Konrad Hummler (until 29 April 2011) ⁵	17.8	50.6	–32.8
Armin Jans (until 29 April 2011) ^{3,4}	17.8	56.2	–38.4
Daniel Lampart ⁵	47.8	50.6	–2.8
Franz Marty (until 30 April 2010) ⁴	–	17.8	–17.8
Laura Sadis	45.0	45.0	–
Olivier Steimer ⁵	50.6	50.6	–
Ernst Stocker (as of 1 May 2010) ⁴	56.2	32.8	+23.4
Fritz Studer ⁴	67.4	56.2	+11.2
Cédric Tille (as of 29 April 2011) ³	30.0	–	+30.0
Total	684.4	664.8	+19.6

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

2 Member of Compensation Committee.

3 Member of Nomination Committee.

4 Member of Audit Committee.

5 Member of Risk Committee.

Remuneration for executive management ¹ (excluding employer social security contributions) In CHF thousands	2011			2010	
	Salaries	Miscellaneous ²	Total remuneration	Total remuneration	Change
Three members of the Governing Board	2 546.7	85.1	2 631.8	2 583.4	+48.4
Philipp M. Hildebrand, Chairman ³	848.9	29.2	878.1	861.9	+16.2
Thomas Jordan	848.9	28.0	876.9	860.8	+16.1
Jean-Pierre Danthine	848.9	28.0	876.9	860.8	+16.1
Three alternate members of the Governing Board	1 327.4	60.5	1 387.8	1 310.8	+77.0
Total	3 874.2	145.5	4 019.7	3 894.2	+125.5

Remuneration for executive management ¹ (including employer social security contributions) In CHF thousands	2011			2010	
	Total remuneration	Employer contributions to pension plans and Old Age and Survivors' Insurance Fund	Total	Total	Change
Three members of the Governing Board	2 631.8	571.7	3 203.5	3 362.0	-158.5
Philipp M. Hildebrand, Chairman ³	878.1	170.8	1 048.9	994.8	+54.1
Thomas Jordan	876.9	170.8	1 047.7	993.7	+54.0
Jean-Pierre Danthine	876.9	230.0	1 106.9	1 373.6 ⁴	-266.7
Three alternate members of the Governing Board	1 387.8	291.2	1 679.1	1 803.6	-124.5
Total	4 019.7	862.9	4 882.6	5 165.6	-283.0

1 All remuneration is specified in SNB regulations (cf. also 'Corporate governance', pp. 107–111).

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

3 Including remuneration in the amount of CHF 67,914 for serving as member of the Board of Directors at the BIS.

4 Including one-off pension plan buy-in.

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

Of the members of the Bank Council and executive management, Philipp M. Hildebrand, Chairman of the Governing Board, held five SNB shares and Dewet Moser, Alternate Member of the Governing Board, held one SNB share, both as at 31 December 2011.

Employee benefit obligations¹

Share of actuarial surplus of pension plans ² In CHF millions	31.12.2011	31.12.2010	Change
Overfunding in accordance with Swiss GAAP FER 26 ²	62.0	74.9	-12.9
SNB's share of actuarial surplus	-	-	-

1 Pension funds do not have any employer contribution reserves.

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

Employee benefit expenses In CHF millions	2011	2010	Change
Employer contributions	13.6	11.4	+2.2
Change in share of actuarial surplus	-	-	-
Employee benefit expenses as part of personnel expenses	13.6	11.4	+2.2

General overheads

In CHF millions	2011	2010	Change
Premises	13.5	15.2	-1.7
Maintenance of mobile tangible assets and software	13.4	14.1	-0.7
Consulting and other third-party support	17.8	15.6	+2.2
Administrative expenses	15.6	15.1	+0.5
Contributions ¹	7.2	7.8	-0.6
Other general overheads	5.7	5.8	-0.1
Total	73.1	73.6	-0.5

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

4.3 Notes regarding off-balance-sheet business

Liquidity-shortage financing facility

Item no. 27

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

In CHF millions	31.12.2011	31.12.2010	Change
Credit undertaking	32 889.5	37 486.5	-4 597.0
Of which drawn down	-	-	-
Of which not drawn down	32 889.5	37 486.5	-4 597.0

Irrevocable undertakings

Item no. 28

Irrevocable undertakings include credit arrangements that the SNB 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	31.12.2011	31.12.2010	Change
International payment instruments (two-way arrangement)	2 367.3	2 368.3	-1.0
Extended Credit Facility of the PRGT	720.0	4.9	+715.1
General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB)	16 091.6	2 218.4	+13 873.2
Total	19 178.9	4 591.6	+14 587.3

Details: International payment instruments (two-way arrangement ¹) In CHF millions	31.12.2011	31.12.2010	Change ²
Credit undertaking	2 367.3	2 368.3	-1.0
Of which drawn down	-	-	-
Of which not yet drawn down	2 367.3	2 368.3	-1.0

1 Undertaking to purchase SDRs against currency up to SDR 1,644 million or to return the SDRs in exchange for foreign currency; without a federal guarantee.

2 Change due entirely to exchange rates.

Details: Extended Credit Facility of the PRGT In CHF millions	31.12.2011¹	31.12.2010²	Change
Credit undertaking	720.0	360.1	+359.9
Of which drawn down	–	355.3	–355.3
Of which not yet drawn down	720.0	4.9	+715.1

1 New limited-term credit undertaking to the IMF's trust fund amounting to SDR 500 million (item no. 05, p. 139); with federally guaranteed repayment of principal and payment of interest.

2 The portion of the credit undertaking not drawn down as at the end of 2010 – CHF 4.9 million (SDR 3.4 million) – was drawn down in 2011. The now fully drawn-down credit undertaking amounting to SDR 250 million is no longer recorded here.

Details: General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB)¹ In CHF millions	31.12.2011	31.12.2010	Change
Credit undertaking	17 172.0	2 218.4	+14 953.6
Of which drawn down	1 080.4	–	+1 080.4
Of which not drawn down	16 091.6	2 218.4	+13 873.2

1 Credit lines totalling SDR 11,925 million (2010: 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).

Item no. 29

Other obligations not carried on the balance sheet

In CHF millions	31.12.2011	31.12.2010	Change
Additional funding for the BIS ¹	93.0	93.0	–0.0
Liabilities from long-term rental, maintenance and leasing contracts	13.4	16.0	–2.6
Contingent liabilities from procurement of banknotes	66.9	72.7	–5.8
Loan commitment to stabilisation fund ²	810.6	1 968.7	–1 158.1
Total	983.9	2 150.4	–1 166.5

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

2 Funding commitment for contingent liabilities of the stabilisation fund.

Assets pledged or assigned as collateral for SNB liabilities

Item no. 30

In CHF millions	31.12.2011		31.12.2010	
	Book value	Liabilities or amount drawn down	Book value	Liabilities or amount drawn down
Foreign currency investments in USD	47.7	–	16.8	–
Foreign currency investments in EUR	789.8	546.2	14 338.5	14 249.5
Securities in CHF	20.2	–	59.0	–
Total¹	857.7	546.2	14 414.3	14 249.5

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

Outstanding financial instruments¹

In CHF millions	31.12.2011 Contract value	Replacement value		31.12.2010 Contract value	Replacement value	
		Positive	Negative		Positive	Negative
Interest rate instruments	13 621.9	59.9	54.7	24 149.6	30.4	36.3
Repo transactions in CHF ²	10 000.0	–	–	13 550.0	–	–
Repo transactions in foreign currency ²	–	–	–	170.9	–	–
SNB debt certificates ²	–	–	–	6 944.5	–	–
Forward contracts ¹	207.0	0.0	0.1	40.4	0.0	0.0
Interest rate swaps	1 087.1	59.5	54.3	2 777.5	30.2	35.9
Futures	2 327.8	0.4	0.4	666.3	0.2	0.4
Foreign exchange	31 278.0	173.4	78.3	3 943.8	51.8	26.6
Forward contracts ^{1,3}	31 086.8	173.4	77.9	3 367.7	51.8	24.9
Options	191.2	–	0.4	576.0	0.0	1.7
Equities/indices	1 184.0	0.3	0.1	1 014.3	0.7	0.3
Forward contracts ¹	–	–	–	5.7	0.3	0.1
Futures	1 184.0	0.3	0.1	1 008.6	0.5	0.2
Credit instruments	41.2	4.5	0.2	2.2	0.0	0.0
Credit default swaps	41.2	4.5	0.2	2.2	0.0	0.0
Stabilisation fund options	9 224.3	–	1.4	12 781.8	–	1.4
Warrant ⁴	10.0	–	–	10.0	–	–
GP purchase option ⁵	1.5	–	1.4	1.5	–	1.4
Repurchase option ⁶	9 212.8	–	–	12 770.3	–	–
Total⁷	55 349.3	238.1	134.8	41 891.6	83.0	64.7

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

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

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

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

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

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

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

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

In CHF millions	31.12.2011	31.12.2010	Change
Fiduciary investments for the Confederation	335.7	214.1	+121.6
Other fiduciary investments	1.3	2.9	-1.6
Total	337.0	217.0	+120.0

4.4 Internal control system

General

The internal control system (ICS) covers all the structures and processes which contribute to fulfilling the SNB's 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.

The SNB's structure and organisation are defined by law and internal regulations (cf. 'Corporate governance', pp. 107 et seq.).

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 SNB's operations and regulations are analysed. On this basis, project and staffing plans are prepared, along with the budgets for operating costs and investments. These planning results are approved by the Enlarged Governing Board, while the budget is authorised by the Bank Council.

The Enlarged Governing Board is responsible, among other things, for issuing the strategic guidelines for the SNB's business operations, as well as the Charter and the Code of Conduct.

The Board of Deputies is responsible both for planning and implementing the strategic guidelines and for the SNB's business operations, and, to this end, issues internal directives. It ensures coordination in all operational matters that are of inter-departmental importance.

Aim and purpose

Control environment

Control activities

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

Information and communication

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

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

Supervision

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

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

**ICS for processes of relevance to the financial statements
(art. 728a para. 1 (3) CO)**

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

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

The Internal Auditors unit takes the ICS documentation for processes of relevance to the financial statements 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 Audit Board as a basis for its confirmation in accordance with art. 728a para. 1 (3) CO.

4.5 Risk management

General

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.

Risks

Risk management and control (art. 663b (12) CO)

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

Oversight

The 2010 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 25 February 2011. In addition, at their meetings, the Bank Council and the Audit and Risk Committees regularly gave detailed attention to the risks and the financial situation related to stabilisation fund developments. Further information about the Bank Council and its committees can be found in 'Corporate governance' (pp. 107 et seq.).

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

Risk strategy

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

Organisation with regard to financial risk

The investment policy and 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 unit in Department II. 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; the annual report on financial risk is discussed by the Bank Council. Details of the investment and risk control process can be found in chapter 5 of the accountability report.

Organisation with regard to operational risk

The Board of Deputies – the three deputy members of the Governing Board – is responsible for the management and control of operational risk. It prepares the strategic guidelines, is responsible for their implementation throughout the bank and ensures appropriate reporting to the Enlarged Governing Board. The Audit Committee discusses the business report on the management of operational risk before the Bank Council has taken note of it.

The department heads ensure implementation of the guidelines on operational risk in their organisational units and monitor compliance with them. The line managers are responsible for the management of operational risk.

Compliance plays an important role in the management of operational risk. Compliance at the SNB comprises several advisory services throughout the bank that provide advice and support to line managers and members of staff in matters of compliance. The activities of the advisory services were coordinated by the Compliance Committee. An evaluation of the organisational setup of compliance led to a decision to increase its staff numbers as of the beginning of 2012. In addition, the Chairman of the Compliance Committee will now inform the Chairman of the Governing Board as well as the Chairman of the Audit Committee directly of any serious infringement by a member of the Enlarged Governing Board.

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

Organisation of risk management

	Oversight	Strategy	Implementation
Financial risk	Risk Committee of Bank Council, Bank Council	Governing Board	Risk Management unit
Operational risk	Audit Committee of Bank Council, Bank Council	Enlarged Governing Board	Board of Deputies, all line managers

Legal Services advises executive management and 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, in particular, as the advisory service for matters pertaining to money laundering.

Legal matters

Risks posed by financial instruments

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

Risks incurred by the SNB

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

Market risk

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

Exchange rate and gold price risk

Interest rate risk

Interest rate risk is of less significance to the SNB's investments than foreign exchange and gold price risk. Movements in market interest rates affect the market value of fixed income financial investments. The longer the maturity of a fixed income investment, the higher its interest rate risk. Interest rate risk is limited through the specification of benchmarks and management guidelines. Various means, including the use of derivative instruments such as interest rate swaps and futures, are used to manage these risks. 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 one basis point (0.01 percentage points) in the yield curves for all investment currencies. If the 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.

Balance sheet by currency

In CHF millions	CHF	Gold	USD	EUR	Other	Total
Gold holdings		48 662				48 662
Claims from gold transactions		713	5			717
Foreign currency investments			59 030	146 655	51 820	257 504
Reserve position in the IMF					3 135	3 135
International payment instruments					4 621	4 621
Monetary assistance loans					301	301
Claims from US dollar repo transactions			371			371
Claims from Swiss franc repo transactions	18 468					18 468
Swiss franc securities	3 675					3 675
Loan to stabilisation fund	0		5 755	339	1 550	7 645
Other	734		9	219	18	980
Total assets as per balance sheet	22 877	49 375	65 169	147 213	61 444	346 079
Total liabilities as per balance sheet	-340 658		-26	-596	-4 799	-346 078
Foreign exchange derivatives (net) ¹	1 687		2 650	-3 157	-1 139	42
Net exposure on 31 December 2011	-316 094	49 375	67 794	143 460	55 506	42
Net exposure on 31 December 2010	-259 843	43 984	60 912	112 089	42 884	26

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

Interest-bearing investments

As at 31 December	2011	Market	PVBP ¹	2010	Market	PVBP ¹
	Duration	value		Duration	value	
	In years	In CHF millions	In CHF millions	In years	In CHF millions	In CHF millions
Gold lending		717			639	
Investments in CHF ²	6.1	3 675	2	5.6	3 497	2
Investments in USD ³	4.3	51 809	22	4.0	43 480	17
Investments in EUR ³	3.2	140 740	45	4.0	105 392	41
Investments in other currencies ³	3.9	44 385	16	3.9	33 511	13

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

2 Excluding repos.

3 Including investments in connection with foreign exchange swaps.

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.

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

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

Share price risk

Total market risk

Default risk: 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 OTC business. OTC business is carried out with counterparties that have a minimum average rating of A from the leading rating agencies. Furthermore, the replacement values of derivatives are generally secured by collateral. At around CHF 2.0 billion, the SNB's total unsecured exposure – which is largely composed of bonds – to the international banking sector at the end of 2011 was slightly lower than the previous year (CHF 2.5 billion) and came to just under 1% of the foreign exchange reserves. For issuers of bonds, a minimum rating of 'investment grade' is required. Exposure to individual issuers is limited by means of concentration limits. The rating allocation for investments can be found in chapter 5 of the accountability report. Credit risk is only a small part of the total risk.

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

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

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

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 – euros and US dollars – the SNB ensures a high level of liquidity for its foreign exchange 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. 125–164) for the year ended 31 December 2011.

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2011 comply with the provisions of the Federal Act on the Swiss National Bank and with Swiss law.

Report on other legal requirements

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 the Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Bank Council.

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

PricewaterhouseCoopers Ltd

Thomas Romer
Audit expert
Auditor in charge

Christian Massetti
Audit expert

Zurich, 2 March 2012