

Communications

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Zurich, 14 May 2010

Interim results of the Swiss National Bank as at 31 March 2010

The Swiss National Bank (SNB) reports a consolidated profit of CHF 1.5 billion for the first quarter of 2010. The result was mainly influenced by the further increase in the price of gold, the loss on foreign currency positions and the profit achieved by the stabilisation fund.

The continued rise in the gold price resulted in a valuation gain of CHF 1.3 billion, while a loss of CHF 0.9 billion was recorded on foreign currency positions. The stabilisation fund contributed CHF 0.9 billion to the consolidated result.

Impact of gold price and exchange rate developments

As at the end of March 2010, the SNB's gold holdings were valued at CHF 37,905 per kilogram (+3.3%). This led to a valuation gain of CHF 1,267 million (Q1 2009: CHF 4,036 million).

Exchange rates became the decisive factor in the result on foreign currency positions. An exchange-rate-related loss of CHF 2,911 million resulted from investments in the euro, which finished the quarter 3.8% below its level three months earlier. This was partly offset by exchange-rate-related gains of CHF 660 million on US dollar positions (2.3% USD appreciation). Overall, exchange rate effects reduced the foreign currency positions result by CHF 2,426 million. On the other hand, interest income contributed CHF 734 million, and dividend income a further CHF 28 million. Price gains on fixed-income securities amounting to CHF 556 million and on equity securities amounting to CHF 258 million also compensated in part for the exchange rate losses. Overall, losses on the foreign currency positions came to CHF 872 million in the first quarter of 2010 (Q1 2009: CHF +1,312 million).

The net result of CHF 112 million from Swiss franc investments (Q1 2009: CHF 7.1 million) was primarily made up of price gains amounting to CHF 70 million and CHF 48 million in interest income from bonds.

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Stabilisation fund remains on track

In the period under review, the sale of investments netted USD 1.1 billion and the SNB's loan to the stabilisation fund was reduced by USD 2.6 billion to USD 17.7 billion.

In the first quarter of 2010, the stabilisation fund benefited from an improved market environment. It ended the quarter with a profit of USD 1,326 million. Thanks to this positive result, the secondary loss protection – a conditional option (warrant) to purchase 100 million UBS shares at a nominal value of CHF 0.10 per share, which can be exercised if the loan is not repaid in full – is currently no longer being used. Consequently, the use made of the warrant as at the end of the year 2009 (CHF 482 million) has been reversed.

Overall, the stabilisation fund contributed CHF 921 million to the SNB's group profit. This amount is equivalent to the stabilisation fund's equity and is available as the primary loss protection to cover future losses.

Interim result and establishment of provisions

Together with other income and expenses, a quarterly profit of CHF 1,505 million was achieved before allocation to provisions (Q1 2009: CHF 4,830 million).

In accordance with art. 30 para. 1 of the National Bank Act (NBA), the SNB is required to set aside provisions permitting it to maintain the currency reserves at the level necessary for monetary policy. A total of CHF 3,902 million is to be allocated for the current financial year as a whole, or CHF 975 million for the quarter under review.

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Consolidated income statement, 1 January–31 March 2010¹

In CHF millions	Item no. in Notes	Q1 2010	Q1 2009	Change
Net result from gold	1	1 269.1	4 041.0	-2 771.9
Net result from foreign currency positions	2	- 872.1	1 312.0	-2 184.1
Net result from Swiss franc positions	3	111.5	7.1	+ 104.4
Net result from stabilisation fund investments		1 552.1	-1 714.7	+3 266.8
Net result from loss protection arrangements	4	- 482.3	1 261.4	-1 743.7
Net result, other		1.4	- 2.9	+ 4.3
Gross income		1 579.5	4 903.9	-3 324.2
Banknote expenses		- 6.5	- 11.4	+ 4.9
Personnel expenses		- 30.3	- 28.3	- 2.0
General overheads		- 28.7	- 25.7	- 3.0
Depreciation on tangible assets		- 9.0	- 8.8	- 0.2
Interim result		1 505.0	4 829.5	-3 324.5
Contribution to the proposed allocation to provisions				
for currency reserves ²		- 975.4	- 763.7	- 211.7

¹ Unaudited. The external auditors only audit the annual financial statements.

² One quarter of the fixed annual allocation (CHF 3,901.7 million for 2010. Cf. *2009 Annual Report*, p. 119).

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Consolidated balance sheet as at 31 March 2010¹

In CHF millions	31.03.2010	31.12.2009	Change
Gold holdings	36 213.8	34 757.9	+1 455.9
Claims from gold transactions	3 236.3	3 427.7	- 191.4
Foreign currency investments	125 088.6	94 680.2	+30 408.4
Reserve position in IMF	1 210.6	1 230.8	- 20.2
International payment instruments	5 520.1	5 555.9	- 35.8
Monetary assistance loans	360.3	348.9	+ 11.4
Balances from swap transactions against Swiss francs	-	2 671.6	-2 671.6
Claims from Swiss franc repo transactions	11 194.6	36 207.9	-25 013.3
Claims against domestic correspondents	0.6	9.8	- 9.2
Swiss franc securities	6 594.0	6 542.7	+ 51.3
Stabilisation fund investments	19 781.6	20 652.0	- 870.4
Banknote stocks	101.0	107.2	- 6.2
Tangible assets	360.3	365.2	- 4.9
Participations	147.6	147.6	-
Other assets	1 671.2	1 432.6	+ 238.6
Total assets	211 480.5	208 138.1	+3 342.4

¹ Unaudited. The external auditors only audit the annual financial statements.

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	31.03.2010	31.12.2009	Change
In CHF millions			
Banknotes in circulation	47 909.1	49 966.2	-2 057.1
Sight deposits of domestic banks	48 632.4	44 992.9	+3 639.5
Liabilities towards the Confederation	7 087.5	6 182.7	+ 904.8
Sight deposits of foreign banks and institutions	2 125.0	2 640.6	- 515.6
Other sight liabilities	3 346.0	3 285.6	+ 60.4
SNB debt certificates	26 465.1	27 473.1	-1 008.0
Foreign currency liabilities	1 481.1	1 450.1	+ 31.0
Counterpart of special drawing rights allocated by IMF	5 292.6	5 311.8	- 19.2
Other liabilities	1 697.9	882.9	+ 815.0
Provisions for operating risks and other provisions	4.1	5.5	- 1.4
Provisions for currency reserves	41 282.2	41 282.2	-
Capital	25.0	25.0	-
Distribution reserve ¹	14 634.2	14 634.2	-
Consolidated result 2009	9 955.0	9 955.0	-
Foreign currency translation differences	38.3	50.3	- 12.0
Interim result	1 505.0		+1 505.0
Total liabilities	211 480.5	208 138.1	+3 342.4

The distribution reserve only changes once a year, as part of the profit appropriation. It is taken from the annual result of the Swiss National Bank (individual financial statement), minus the legally prescribed allocation to the provisions for currency reserves. Given that the SNB's results depend heavily on fluctuations in the gold price, exchange rates and interest rates, only provisional conclusions as to the end-of-year distributable profit may be drawn.

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Valuation rates

	Year under review			Previous year		
	31.03.2010	31.12.2009	Change	31.03.2009	31.12.2008	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	1.0569	1.0336	+ 2.3	1.1376	1.0658	+ 6.7
1 EUR	1.4283	1.4853	- 3.8	1.5144	1.4895	+ 1.7
100 JPY	1.1374	1.1142	+ 2.1	1.1580	1.1734	- 1.3
1 GBP	1.6004	1.6723	- 4.3	1.6264	1.5595	+ 4.3
1 kilogram of gold	37 904.82	36 687.03	+ 3.3	33 520.70	29 640.32	+ 13.1

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1 2010	Q1 2009	Change
In CHF millions			
Net result from changes in market value	1 266.6	4 036.0	-2 769.4
Interest income from gold lending transactions	2.4	5.0	- 2.6
Total	1 269.1	4 041.0	-2 771.9

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Item no. 2: Net result from foreign currency positions

Breakdown by origin	Q1 2010	Q1 2009	Change
In CHF millions			
Foreign currency investments	- 557.6	1 144.6	-1 702.2
Reserve position in IMF	- 19.7	29.0	- 48.7
International payment instruments	- 0.6	8.8	- 9.4
Monetary assistance loans	- 1.1	13.2	- 14.3
SNB debt certificates	- 445.4	360.6	- 806.0
Foreign currency liabilities	- 33.9	- 30.5	- 3.4
Other foreign currency investments	186.1	- 213.7	+ 399.8
Total	- 872.1	1 312.0	-2 184.1

Breakdown by type	Q1 2010	Q1 2009	Change
In CHF millions			
Interest income	734.2	719.9	+ 14.3
Price gain/loss on interest-bearing paper and instruments	556.0	- 68.0	+ 624.0
Interest expenses	- 18.8	- 35.3	+ 16.5
Dividend income	28.3	31.4	- 3.1
Price gain/loss on equity securities and instruments	258.3	- 618.2	+ 876.5
Exchange rate gain/loss	-2 426.1	1 283.7	-3 709.8
Asset management, safe custody account and other fees	- 4.1	- 1.4	- 2.7
Total	- 872.1	1 312.0	-2 184.1

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Item no. 3: Net result from Swiss franc positions

Breakdown by origin	Q1 2010	Q1 2009	Change
In CHF millions			
Swiss franc securities	113.0	- 4.0	+ 117.0
Swiss franc repo transactions	2.9	19.0	- 16.1
Other assets	0.0	0.3	- 0.3
Liabilities towards the Confederation	- 0.2	- 4.9	+ 4.7
SNB debt certificates	- 2.6	- 1.3	- 1.3
Other sight liabilities	- 1.6	- 1.9	+ 0.3
Total	111.5	7.1	+ 104.4

Breakdown by type	Q1 2010	Q1 2009	Change
In CHF millions			
Interest income	47.6	46.5	+ 1.1
Price gain/loss on interest-bearing paper and instruments	69.6	- 29.7	+ 99.3
Interest expenses	- 2.6	- 8.2	+ 5.6
Trading, safe custody account and other fees	- 3.2	- 1.4	- 1.8
Total	111.5	7.1	+ 104.4

Item no. 4: Net result from loss protection arrangements

The loss protection is made up of UBS's financing contribution used as equity capital (primary loss protection totalling an equivalent of CHF 4,320 million as at end of 2009) and the warrant for the remaining losses (secondary loss protection, CHF 482 million thereof recognised as at end of 2009).

The warrant – a conditional option to purchase 100 million UBS shares at a nominal value of CHF 0.10 per share – can be exercised if the SNB's loan to the stabilisation fund is not repaid in full. Since the primary loss protection now fully covers the stabilisation fund's accumulated loss again, the recognition of the warrant to the amount of CHF 482 million at year-end has been reversed in the income statement.

Consequently, the warrant can again be fully utilised for future losses of the stabilisation fund that are not covered by the latter's equity capital.