

Communications

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Zurich, 29 July 2011

Interim results of the Swiss National Bank as at 30 June 2011

The Swiss National Bank (SNB) is reporting a consolidated loss of CHF 10.8 billion for the first half of 2011. The appreciation of the Swiss franc against all major investment currencies resulted in substantial valuation losses.

Losses on the SNB's foreign currency positions amounted to some CHF 9.9 billion for the first half of 2011. This was mainly due to exchange rate-related valuation losses of around CHF 11.7 billion. At mid-year, the gold price per kilogram was about CHF 40,800, resulting in a valuation loss of CHF 1.6 billion. A net loss of CHF 123 million was recorded on Swiss franc positions.

The SNB result depends largely on developments in the gold, foreign exchange and capital markets. Consequently, strong fluctuations are normal, and only provisional conclusions are possible as regards the annual result.

Appreciation of Swiss franc against all major investment currencies

The net result on foreign currency positions of CHF –9.9 billion was largely due to exchange rate losses. In the first half of the year, the Swiss franc appreciated against all major investment currencies – in some cases quite considerably. The US dollar depreciated by 9.6%, the yen by 8.9% and the euro by 2.4%. At CHF 11.7 billion, the exchange rate losses weighed on the consolidated result. The other components of the result from foreign currency positions, amounting to CHF 1.9 billion, were unable to offset the impact.

Gold valuation dominated by USD exchange rate

Gold holdings, which were unchanged, recorded a valuation loss of CHF 1.6 billion in the first half of the year. Although the dollar price per fine ounce rose compared to the end-year value, the price per kilogram fell from CHF 42,289 to CHF 40,799 as a result of the weaker USD exchange rate.

Net loss on Swiss franc positions

A net loss of CHF 123 million was recorded on Swiss franc positions for the first half of the year. This was mainly attributable to interest expenses of around CHF 127 million on liquidity-absorbing transactions. The SNB absorbs liquidity by means of repo transactions and its own debt certificates (SNB Bills).

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Positive result for stabilisation fund

In the first half of 2011, the SNB loan to the stabilisation fund was reduced from CHF 11.8 billion (USD 12.6 billion) to CHF 8.0 billion (USD 9.4 billion), and the total risk decreased from almost CHF 14 billion to around CHF 10 billion.

The stabilisation fund showed a half-yearly profit of USD 1,334 million, representing a contribution of CHF 697 million to the consolidated result.

Interim result and allocation to provisions

As at end-June 2011, the SNB recorded a loss of CHF 10.8 billion before allocation to the provisions for currency reserves.

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. The allocation for the current financial year will be determined towards the end of the year.

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Consolidated income statement, 1 January–30 June 2011¹

In CHF millions	Item no. in Notes	Q1-Q2 2011	Q1-Q2 2010	Change
Net result from gold	1	-1 550.0	6 850.6	-8 400.6
Net result from foreign currency positions	2	-9 852.2	-11 292.1	+1 439.9
Net result from Swiss franc positions	3	- 122.9	218.7	- 341.6
Net result from stabilisation fund investments		1 366.8	2 311.9	- 945.1
Net result from stabilisation fund loss protection arrangements	4	- 512.1	- 722.0	+ 209.9
Income from participations		1.7	1.6	+ 0.1
Net result, other		2.0	3.6	- 1.6
Gross income		-10 666.7	-2 627.7	-8 039.0
Banknote expenses		- 9.0	- 11.6	+ 2.6
Personnel expenses		- 61.9	- 58.8	- 3.1
General overheads		- 46.5	- 60.3	+ 13.8
Depreciation on tangible assets		- 18.8	- 18.4	- 0.4
Interim result		-10 803.0	-2 776.8	-8 026.2

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

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Consolidated income statement for the second quarter of 2011¹

	Q2 2011	Q2 2010	Change
In CHF millions			
Net result from gold	-1 561.4	5 581.5	-7 142.9
Net result from foreign currency positions	-11 452.8	-10 419.9	-1 032.9
Net result from Swiss franc positions	- 17.2	107.2	- 124.4
Net result from stabilisation fund investments	643.2	759.8	- 116.6
Net result from stabilisation fund loss protection arrangements	- 212.2	- 239.7	+ 27.5
Income from participations	1.7	1.6	+ 0.1
Net result, other	1.0	2.2	- 1.2
Gross income	-12 597.7	-4 207.2	-8 390.5
Banknote expenses	- 4.7	- 5.1	+ 0.4
Personnel expenses	- 30.5	- 28.4	- 2.1
General overheads	- 23.5	- 31.6	+ 8.1
Depreciation on tangible assets	- 8.7	- 9.4	+ 0.7
Interim result	-12 665.1	-4 281.8	-8 383.3

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Consolidated balance sheet as at 30 June 2011¹

In CHF millions	30.06.2011	31.12.2010	Change
Gold holdings	4 1821.4	43 349.0	-1 527.6
Claims from gold transactions	616.3	638.9	- 22.6
Foreign currency investments ²	196 848.8	203 809.6	-6 960.8
Reserve position in the IMF	1 970.6	1 067.7	+ 902.9
International payment instruments	4 312.4	4 670.3	- 357.9
Monetary assistance loans	281.5	300.4	- 18.9
Swiss franc securities	3 524.9	3 497.4	+ 27.5
Stabilisation fund investments	11 062.6	13 961.1	-2 898.5
Banknote stocks	109.8	110.9	- 1.1
Tangible assets	345.2	356.3	- 11.1
Participations	146.1	146.1	-
Other assets	1 475.9	1 666.9	- 191.0
Total assets	262 515.5	273 574.6	-11 059.1

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

² Includes, as at end-June 2011, repo transactions in foreign currencies relating to the management of foreign currency investments amounting to CHF 0.8 billion (at 31 December 2010: CHF 1.1 billion). The associated liabilities are listed under *foreign currency liabilities*.

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In CHF millions	30.06.2011	31.12.2010	Change
Banknotes in circulation	48 939.7	51 498.0	-2 558.3
Sight deposits of domestic banks	29 576.4	37 950.7	-8 374.3
Liabilities towards the Confederation	10 545.9	5 347.2	+5 198.7
Sight deposits of foreign banks and institutions	1 949.8	3 779.4	-1 829.6
Other sight liabilities	1 836.8	1 838.8	- 2.0
Liabilities from Swiss franc repo transactions	24 915.1	13 182.1	+11 733.0
SNB debt certificates	106 504.9	107 869.6	-1 364.7
Foreign currency liabilities	851.3	1 068.7	- 217.4
Counterpart of special drawing rights allocated by the IMF	4 382.2	4 736.5	- 354.3
Other liabilities	2 549.5	2 260.2	+ 289.3
Provisions for operating risks and other provisions	3.0	3.5	- 0.5
Provisions for currency reserves ¹	45 061.3	44 337.1	+ 724.2
Capital	25.0	25.0	-
Distribution reserve ²	-5 000.0	19 032.8	-24 032.8
Consolidated result 2010		-19 170.8	+19 170.8
Profit reserve from stabilisation fund ³	1 636.1	-	+1 636.1
Foreign currency translation differences	- 458.8	- 184.2	- 274.6
Interim result	-10 803.0		-10 803.0
Total liabilities	262 515.5	273 574.6	-11 059.1

¹ In line with art. 30 para. 1 NBA, the provisions for currency reserves are topped up by means of an annual allocation. The amount to be allocated is determined towards the end of the year. The allocation takes place after the subsequent General Meeting of Shareholders, as part of the profit appropriation. The increase of CHF 724.2 million represents the allocation for the 2010 financial year.

² The distribution reserve only changes once a year, as part of the profit appropriation. The reserve is increased or reduced by the difference between the annual result of the SNB (individual financial statements) and the actual distribution to shareholders and to the Confederation and cantons. This takes place after the General Meeting. The distribution reserve can be negative.

³ The SNB's share in the stabilisation fund profits will only be distributed to the SNB once the fund has been fully wound up, or if the fund is sold. Until such time, the share in the previous years' profits is recorded under *profit reserve from stabilisation fund*. Cf. also item no. 4 in the Notes.

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Valuation rates

	Year under review			Previous year		
	30.06.2011	31.12.2010	Change	30.06.2010	31.12.2009	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 EUR	1.2196	1.2494	- 2.4	1.3263	1.4853	- 10.7
1 USD	0.8429	0.9327	- 9.6	1.0818	1.0336	+ 4.7
100 JPY	1.0458	1.1479	- 8.9	1.2203	1.1142	+ 9.5
1 CAD	0.8730	0.9348	- 6.6	1.0234	0.9855	+ 3.8
1 GBP	1.3490	1.4529	- 7.2	1.6212	1.6723	- 3.1
1 kilogram of gold	40 798.84	42 289.16	- 3.5	43 267.16	36 687.03	+ 17.9

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1-Q2 2011	Q1-Q2 2010	Change
In CHF millions			
Net result from changes in market value	-1 550.1	6 844.0	-8 394.1
Interest income from gold lending transactions	0.1	6.6	- 6.5
Total	-1 550.0	6 850.6	-8 400.6

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Item no. 2: Net result from foreign currency positions

Breakdown by origin	Q1-Q2 2011	Q1-Q2 2010	Change
In CHF millions			
Foreign currency investments	-8 858.5	-10 525.8	+1 667.3
Reserve position in the IMF	- 151.9	- 55.9	- 96.0
International payment instruments	4.9	- 0.3	+ 5.2
Monetary assistance loans	- 21.6	- 2.9	- 18.7
SNB debt certificates	-	-1 165.2	+1 165.2
Foreign currency liabilities	- 13.1	- 70.3	+ 57.2
Other foreign currency positions	- 812.1	528.4	-1 340.5
Total	-9 852.2	-11 292.1	+1 439.9

Breakdown by type	Q1-Q2 2011	Q1-Q2 2010	Change
In CHF millions			
Interest income	2 622.8	1 899.2	+ 723.6
Price gain/loss on interest-bearing paper and instruments	-1 423.8	2 112.7	-3 536.5
Interest expenses	- 23.7	- 32.9	+ 9.2
Dividend income	347.5	134.5	+ 213.0
Price gain/loss on equity securities and instruments	333.7	-1 056.6	+1 390.3
Exchange rate gain/loss	-11 705.1	-14 341.6	+2 636.5
Asset management, safe custody account and other fees	- 3.6	- 7.3	+ 3.7
Total	-9 852.2	-11 292.1	+1 439.9

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Item no. 3: Net result from Swiss franc positions

Breakdown by origin	Q1-Q2 2011	Q1-Q2 2010	Change
In CHF millions			
Swiss franc securities	40.3	237.2	- 196.9
Liquidity-providing Swiss franc repo transactions	0.0	3.3	- 3.3
Liquidity-absorbing Swiss franc repo transactions	- 10.6	-	- 10.6
Other assets	0.0	0.0	+ 0.0
Liabilities towards the Confederation	- 2.3	- 1.1	- 1.2
SNB debt certificates	- 146.9	- 17.5	- 129.4
Other sight liabilities	- 3.5	- 3.3	- 0.2
Total	- 122.9	218.7	- 341.6

Breakdown by type	Q1-Q2 2011	Q1-Q2 2010	Change
In CHF millions			
Interest income	45.0	90.6	- 45.6
Price gain/loss on interest-bearing paper and instruments	- 0.5	152.6	- 153.1
Interest expenses	- 126.7	- 10.0	- 116.7
Trading, safe custody account and other fees	- 40.7	- 14.5	- 26.2
Total	- 122.9	218.7	- 341.6

Item no. 4: Net result from loss protection arrangements

The contractual provisions specify that UBS can repurchase the stabilisation fund after the SNB loan has been repaid in full. UBS would have to pay the SNB the sum of USD 1 billion, plus half of the net asset value of the fund in excess of this amount. The other half would accrue to UBS.

For the first half of 2011, an amount of CHF 512 million would accrue to UBS. This is recorded as a negative entry under *net result from loss protection arrangements*. Further information is available in the SNB's 2010 *Annual Report* (pp. 181 and 188).