

Communications

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

The Swiss National Bank (SNB) is reporting a consolidated profit of CHF 5.8 billion for the first three quarters of 2011. The gold price and current interest rate situation have resulted in high valuation gains on gold and fixed interest rate investments. By contrast, the appreciation of the Swiss franc since the beginning of the year, in particular against the euro and the US dollar, has caused exchange-rate-related valuation losses.

The net result from SNB foreign currency positions is around CHF 0.3 billion for the first three quarters of 2011. At the end of September, exchange rate losses amounted to CHF 4.7 billion. However, this figure was more than offset by the other components of foreign currency positions in the net result, which contributed more than CHF 5.0 billion.

At the end of September, the gold price per kilogram was around CHF 47,089, resulting in a valuation gain of CHF 5.0 billion.

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. At the end of last year, the increase in provisions for SNB currency reserves was lower than had been planned, and the distribution reserve fell well into negative territory. Given this situation, building up provisions takes priority. At present, no statement can yet be made on whether any dividend payment to shareholders, or any distribution to the Confederation and cantons will be made for 2011. It is worth adding that, even if equity is negative for a short period, the SNB will retain complete freedom of action. At present, the parent company's equity amounts to CHF 45 billion.

Appreciation of Swiss franc

The most important factor in the net result from foreign currency positions of CHF 0.3 billion overall was exchange rate losses. By mid-August, the Swiss franc had appreciated against all major investment currencies – in some cases quite considerably. In August and September, measures against the massive overvaluation of the Swiss franc were taken. On 6 September, the SNB announced a minimum exchange rate for the euro against the Swiss

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franc, which also affected all the other exchange rates against the Swiss franc. At the end of the quarter, the US dollar was trading 3.1% lower than at the beginning of the year, and the euro 2.8% lower. The exchange-rate-related valuation losses of CHF 4.7 billion and the price losses on equity securities and instruments of some CHF 3.0 billion were offset by interest income amounting to CHF 4.0 billion, dividend income of CHF 0.4 billion and price gains of CHF 3.7 billion on interest-bearing securities and instruments.

Higher gold price

A valuation gain of CHF 5.0 billion was achieved on the unchanged gold holdings. As at 30 September, gold was traded at CHF 47,089 per kilogram, or CHF 4,800 more than at the beginning of the year.

Net loss on Swiss franc positions

For the first three quarters of 2011, Swiss franc positions recorded a net loss of CHF 148 million. This was mainly attributable to expenses of some CHF 307 million for repo operations and SNB Bills.

Stabilisation fund positive

In the first three quarters of 2011, the loan to the stabilisation fund was reduced from CHF 11.8 billion (USD 12.6 billion) to CHF 7.9 billion (USD 8.8 billion), and the total risk exposure decreased from almost CHF 14 billion to around CHF 8.7 billion.

For the first three quarters of 2011, the stabilisation fund is reporting a profit of USD 1,306 million, and the contribution to the consolidated result amounts to CHF 573 million.

Interim result and allocation to provisions

As at end-September 2011, the SNB recorded a profit of CHF 5.8 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 at the end of the year.

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Consolidated income statement, 1 January–30 September 2011¹

In CHF millions	Item no. in Notes	Q1-Q3 2011	Q1-Q3 2010	Change
Net result from gold	1	4 993.1	4 569.5	+ 423.6
Net result from foreign currency positions	2	322.1	-14 680.0	+15 002.1
Net result from Swiss franc positions	3	- 147.5	200.9	- 348.4
Net result from stabilisation fund investments		1 369.8	2 293.9	- 924.1
Net result from stabilisation fund loss protection arrangements	4	- 573.6	- 648.2	+ 74.6
Income from participations		8.5	20.4	- 11.9
Net result, other		59.8	4.3	+ 55.5
Gross income		6 032.2	-8 239.2	+14 271.4
Banknote expenses		- 13.6	- 16.6	+ 3.0
Personnel expenses		- 92.0	- 86.7	- 5.3
General overheads		- 72.9	- 90.3	+ 17.4
Depreciation on tangible assets		- 27.0	- 28.2	+ 1.2
Interim result		5 826.6	-8 461.0	+14 287.6

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

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Consolidated income statement for the third quarter of 2011¹

	Q3 2011	Q3 2010	Change
In CHF millions			
Net result from gold	6 543.1	-2 281.1	+8 824.2
Net result from foreign currency positions	10 174.3	-3 388.0	+13 562.3
Net result from Swiss franc positions	- 24.6	- 17.8	- 6.8
Net result from stabilisation fund investments	3.0	- 18.0	+ 21.0
Net result from stabilisation fund loss protection arrangements	- 61.6	73.8	- 135.4
Income from participations	6.8	18.8	- 12.0
Net result, other	57.8	0.7	+ 57.1
Gross income	16 698.9	-5 611.5	+22 310.4
Banknote expenses	- 4.6	- 4.9	+ 0.3
Personnel expenses	- 30.1	- 27.9	- 2.2
General overheads	- 26.4	- 30.0	+ 3.6
Depreciation on tangible assets	- 8.2	- 9.8	+ 1.6
Interim result	16 629.6	-5 684.2	+22 313.8

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

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Consolidated balance sheet as at 30 September 2011¹

In CHF millions	30.09.2011	31.12.2010	Change
Gold holdings	48 269.5	43 349.0	+4 920.5
Claims from gold transactions	711.3	638.9	+ 72.4
Foreign currency investments	305 281.5 ²	203 809.6	+101 471.9
Reserve position in the IMF	2 880.1	1 067.7	+1 812.4
International payment instruments	4 569.9	4 670.3	- 100.4
Monetary assistance loans	298.1	300.4	- 2.3
Claims from repo transactions in Swiss francs	6 999.8	-	+6 999.8
Swiss franc securities	3 629.4	3 497.4	+ 132.0
Stabilisation fund investments	11 386.4	13 961.1	-2 574.7
Banknote stocks	108.1	110.9	- 2.8
Tangible assets	328.5	356.3	- 27.8
Participations	146.1	146.1	-
Other assets	1 123.8	1 666.9	- 543.1
Total assets	385 732.6	273 574.6	+112 158.0

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

² Increase includes some CHF 80 billion from currency swaps (particularly against USD and EUR), purchases, partial repayment of the loan to StabFund as well as interest payments, dividends and price gains.

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	30.09.2011	31.12.2010	Change
In CHF millions			
Banknotes in circulation	49 485.7	51 498.0	-2 012.3
Sight deposits of domestic banks	202 117.9	37 950.7	+164 167.2
Liabilities towards the Confederation	8 599.9	5 347.2	+3 252.7
Sight deposits of foreign banks and institutions	2 815.2	3 779.4	- 964.2
Other sight liabilities ¹	25 362.9	1 838.8	+23 524.1
Liabilities from Swiss franc repo transactions	-	13 182.1	-13 182.1
SNB debt certificates	34 392.5	107 869.6	-73 477.1
Foreign currency liabilities	2 515.5	1 068.7	+1 446.8
Counterpart of special drawing rights allocated by the IMF	4 659.0	4 736.5	- 77.5
Other liabilities	8 444.5	2 260.2	+6 184.3
Provisions for operating risks and other provisions	2.8	3.5	- 0.7
Provisions for currency reserves ²	45 061.3	44 337.1	+ 724.2
Capital	25.0	25.0	-
Distribution reserve ³	-5 000.0	19 032.8	-24 032.8
Consolidated result 2010		-19 170.8	+19 170.8
Profit reserve from stabilisation fund ⁴	1 636.1	-	+1 636.1
Foreign currency translation differences	- 212.4	- 184.2	- 28.2
Interim result	5 826.6		+5 826.6
Total liabilities	385 732.6	273 574.6	+112 158.0

¹ Includes, in particular, non-bank sight deposit accounts.

² In line with art. 30 para. 1 NBA, the provisions for currency reserves are increased by means of an annual allocation. The amount to be allocated is determined towards the end of the year. The allocation is made 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.

³ 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.

⁴ The SNB's share in 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		
	30.09.2011	31.12.2010	Change	30.09.2010	31.12.2009	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 EUR	1.2147	1.2494	- 2.8	1.3326	1.4853	- 10.3
1 USD	0.9041	0.9327	- 3.1	0.9774	1.0336	- 5.4
100 JPY	1.1773	1.1479	+ 2.6	1.1696	1.1142	+ 5.0
1 CAD	0.8666	0.9348	- 7.3	0.9527	0.9855	- 3.3
1 GBP	1.4067	1.4529	- 3.2	1.5408	1.6723	- 7.9
1 kilogram of gold	47 089.33	42 289.16	+ 11.4	41 071.35	36 687.03	+ 12.0

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1-Q3 2011	Q1-Q3 2010	Change
In CHF millions			
Net result from changes in market value	4 992.6	4 560.1	+ 432.5
Interest income from gold lending transactions	0.6	9.4	- 8.8
Total	4 993.1	4 569.5	+ 423.6

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Item no. 2: Net result from foreign currency positions

Breakdown by origin	Q1-Q3 2011	Q1-Q3 2010	Change
In CHF millions			
Foreign currency investments	666.2	-13 209.2	+13 875.4
Reserve position in the IMF	19.5	- 72.8	+ 92.3
International payment instruments	- 0.7	- 7.8	+ 7.1
Monetary assistance loans	- 3.3	- 21.2	+ 17.9
SNB debt certificates	-	- 530.8	+ 530.8
Foreign currency liabilities	- 19.0	- 49.6	+ 30.6
Other foreign currency positions	- 340.6	- 788.4	+ 447.8
Total	322.1	-14 680.0	+15 002.1

Breakdown by type	Q1-Q3 2011	Q1-Q3 2010	Change
In CHF millions			
Interest income	4 000.4	3 365.6	+ 634.8
Price gain/loss on interest-bearing paper and instruments	3 663.6	3 004.1	+ 659.5
Interest expenses	- 34.5	- 53.5	+ 19.0
Dividend income	443.1	197.1	+ 246.0
Price gain/loss on equity securities and instruments	-3 041.5	11.7	-3 053.2
Exchange rate gain/loss	-4 704.0	-21 196.1	+16 492.1
Asset management, safe custody account and other fees	- 4.9	- 8.9	+ 4.0
Total	322.1	-14 680.0	+15 002.1

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Item no. 3: Net result from Swiss franc positions

Breakdown by origin	Q1-Q3 2011	Q1-Q3 2010	Change
In CHF millions			
Swiss franc securities	172.1	280.6	- 108.5
Liquidity-providing Swiss franc repo transactions	- 4.6	3.3	- 7.9
Liquidity-absorbing Swiss franc repo transactions	- 12.0	- 6.1	- 5.9
Other assets	0.0	0.0	+ 0.0
Liabilities towards the Confederation	- 2.7	- 3.8	+ 1.1
SNB debt certificates	- 295.2	- 68.2	- 227.0
Other sight liabilities	- 5.1	- 4.9	- 0.2
Total	- 147.5	200.9	- 348.4

Breakdown by type	Q1-Q3 2011	Q1-Q3 2010	Change
In CHF millions			
Interest income	67.5	117.2	- 49.7
Price gain/loss on interest-bearing paper and instruments	110.3	171.1	- 60.8
Interest expenses	- 275.8	- 53.5	- 222.3
Trading, safe custody account and other fees	- 49.5	- 33.9	- 15.6
Total	- 147.5	200.9	- 348.4

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 three quarters of 2011, an amount of CHF 574 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).