

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 44 631 31 11
communications@snb.ch

Zurich, 30 April 2012

Interim results of the Swiss National Bank as at 31 March 2012

The Swiss National Bank (SNB) is reporting a consolidated loss of CHF 1.7 billion for the first quarter of 2012.

Losses on foreign currency positions amounted to CHF 2.6 billion for the first three months of the year, while a valuation gain of CHF 0.8 billion was achieved on the gold holdings. A slight net gain of CHF 14 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 major investment currencies

The net result on foreign currency positions of CHF –2.6 billion was largely due to exchange rate losses. In the first quarter of the year, the Swiss franc appreciated against the major investment currencies, with the Japanese yen depreciating by 9.6%, the US dollar by 3.8% (to CHF 0.9020 Swiss francs to the dollar) and the euro by 1.1% (to 1.2043 francs to the euro). At CHF 6.4 billion, the exchange rate losses weighed on the consolidated result, and were only partly offset by price gains and interest income.

Moderate valuation gains on gold holdings

A valuation gain of CHF 0.8 billion was achieved on the unchanged gold holdings. As at the end of March 2012, gold traded at CHF 48,204 per kilogram.

Slight net gain on Swiss franc positions

At CHF 33 million, interest income and price gains recorded on Swiss franc securities offset the expenses of roughly CHF 18 million for repo transactions and debt certificates (SNB Bills).

Stabilisation fund continues to be positive

In the first quarter of 2012, the SNB loan to the stabilisation fund was further reduced, from CHF 7.6 billion to CHF 6.8 billion, and the overall risk decreased from CHF 8.5 billion to less than CHF 7.6 billion.

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The stabilisation fund registered a quarterly profit of USD 153 million, representing a contribution of CHF 111 million to the consolidated result.

Interim result and allocation to provisions

As at end-March 2012, the SNB recorded a consolidated loss of CHF 1.7 billion before allocation to the provisions for currency reserves (Q1 2011: CHF 1.9 billion profit).

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.

Consolidated income statement, 1 January–31 March 2012¹

In CHF millions	Item no. in Notes	Q1 2012	Q1 2011	Change
Net result from gold	1	760.4	11.5	+ 748.9
Net result from foreign currency positions	2	-2 595.1	1 600.7	-4 195.8
Net result from Swiss franc positions	3	14.1	- 105.8	+ 119.9
Net result from stabilisation fund investments		198.5	723.6	- 525.1
Net result from stabilisation fund loss protection arrangements	4	- 30.3	- 299.9	+ 269.6
Income from participations		-	-	-
Net result, other		0.7	1.0	- 0.3
Gross income		-1 651.7	1 931.0	-3 582.7
Banknote expenses		- 5.7	- 4.3	- 1.4
Personnel expenses		- 33.7	- 31.4	- 2.3
General overheads		- 25.6	- 23.0	- 2.6
Depreciation on tangible assets		- 8.3	- 10.1	+ 1.8
Interim result		-1 725.0	1 862.2	-3 587.2

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

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Consolidated balance sheet as at 31 March 2012¹

Assets	31.03.2012	31.12.2011	Change
In CHF millions			
Gold holdings	49 411.8	48 662.5	+ 749.3
Claims from gold transactions	728.5	717.5	+ 11.0
Foreign currency investments	245 498.5	257 504.2	-12 005.7
Reserve position in the IMF	3 099.2	3 134.5	- 35.3
International payment instruments	4 459.7	4 621.2	- 161.5
Monetary assistance loans	290.6	301.4	- 10.8
Claims from US dollar repo transactions	-	370.5	- 370.5
Claims from Swiss franc repo transactions	25 059.7	18 468.0	+6 591.7
Swiss franc securities	3 677.2	3 675.1	+ 2.1
Stabilisation fund investments	10 198.9	11 051.1	- 852.2
Banknote stocks	124.1	129.8	- 5.7
Tangible assets	320.1	325.4	- 5.3
Participations	147.0	147.0	-
Other assets	1 318.0	1 236.2	+ 81.8
Total assets	344 333.4	350 344.3	-6 010.9

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

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Liabilities	31.03.2012	31.12.2011	Change
In CHF millions			
Banknotes in circulation	53 791.3	55 728.9	-1 937.6
Sight deposits of domestic banks	157 347.4	180 720.7	-23 373.3
Liabilities towards the Confederation	12 543.4	5 647.5	+6 895.9
Sight deposits of foreign banks and institutions	2 874.2	1 884.5	+ 989.7
Other sight liabilities ¹	50 496.2	28 447.7	+22 048.5
SNB debt certificates	6 183.6	14 719.5	-8 535.9
Other term liabilities	-	366.4	- 366.4
Foreign currency liabilities	692.9	551.6	+ 141.3
Counterpart of SDRs allocated by the IMF	4 586.8	4 734.6	- 147.8
Other liabilities	2 581.8	2 465.6	+ 116.2
Provisions for operating risks and other provisions	6.8	7.3	- 0.5
Provisions for currency reserves ²	45 061.3	45 061.3	-
Capital	25.0	25.0	-
Distribution reserve ³	-5 000.0	-5 000.0	-
Profit reserve from stabilisation fund ⁴	1 636.1	1 636.1	-
Consolidated result 2011	13 469.1	13 469.1	-
Interim result	-1 725.0		-1 725.0
Foreign currency translation differences	- 237.7	- 121.6	- 116.1
Total liabilities	344 333.4	350 344.3	-6 010.9

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 sum to be allocated is determined at the end of the year. The allocation (amounting to CHF 3.2 billion for the 2011 financial year) takes place after the General Meeting of Shareholders, as part of the profit appropriation.

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 distributable annual result of the SNB (individual financial result after allocation to provisions) 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. After the profit appropriation for 2011, it will amount to CHF 3.9 billion.

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.

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Valuation rates

	Year under review			Previous year		
	31.03.2012	31.12.2011	Change	31.03.2011	31.12.2010	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 EUR	1.2043	1.2172	- 1.1	1.2968	1.2494	+ 3.8
1 USD	0.9020	0.9378	- 3.8	0.9143	0.9327	- 2.0
100 JPY	1.0979	1.2149	- 9.6	1.1036	1.1479	- 3.9
1 CAD	0.9044	0.9198	- 1.7	0.9418	0.9348	+ 0.7
1 GBP	1.4421	1.4581	- 1.1	1.4671	1.4529	+ 1.0
1 kilogram of gold	48 203.75	47 472.70	+ 1.5	42 300.01	42 289.16	+ 0.0

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1 2012	Q1 2011	Change
In CHF millions			
Net result from changes in market value	760.4	11.3	+ 749.1
Interest income from gold lending transactions	0.1	0.2	- 0.1
Total	760.4	11.5	+ 748.9

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Item no. 2: Net result from foreign currency positions

Breakdown by origin	Q1 2012	Q1 2011	Change
In CHF millions			
Foreign currency investments	-2 211.4	1 733.1	-3 944.5
Reserve position in the IMF	- 98.2	- 15.9	- 82.3
International payment instruments	4.0	- 0.0	+ 4.0
Monetary assistance loans	- 8.8	1.4	- 10.2
SNB debt certificates	-	-	-
Foreign currency liabilities	- 0.7	- 1.4	+ 0.7
Other foreign currency positions	- 280.0	- 116.7	- 163.3
Total	-2 595.1	1 600.7	-4 195.8

Breakdown by type	Q1 2012	Q1 2011	Change
In CHF millions			
Interest income	1 337.0	1 413.5	- 76.5
Price gain/loss on interest-bearing paper and instruments	133.0	-2 855.5	+2 988.5
Interest expenses	- 2.2	- 6.2	+ 4.0
Dividend income	104.5	85.2	+ 19.3
Price gain/loss on equity securities and instruments	2 233.1	598.9	+1 634.2
Exchange rate gain/loss	-6 397.6	2 367.2	-8 764.8
Asset management, safe custody account and other fees	- 2.9	- 2.4	- 0.5
Total	-2 595.1	1 600.7	-4 195.8

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Item no. 3: Net result from Swiss franc positions

Breakdown by origin	Q1 2012	Q1 2011	Change
In CHF millions			
Swiss franc securities	33.4	- 23.0	+ 56.4
Liquidity-providing Swiss franc repo transactions	- 10.0	0.0	- 10.0
Liquidity-absorbing Swiss franc repo transactions	-	- 6.0	+ 6.0
Other assets	0.0	0.0	- 0.0
Liabilities towards the Confederation	-	- 0.8	+ 0.8
SNB debt certificates	- 8.1	- 74.4	+ 66.3
Other sight liabilities	- 1.2	- 1.7	+ 0.5
Total	14.1	- 105.8	+ 119.9

Breakdown by type	Q1 2012	Q1 2011	Change
In CHF millions			
Interest income	21.7	22.5	- 0.8
Price gain/loss on interest-bearing paper and instruments	13.0	- 43.3	+ 56.3
Interest expenses	- 19.3	- 64.0	+ 44.7
Trading, safe custody account and other fees	- 1.3	- 21.0	+ 19.7
Total	14.1	- 105.8	+ 119.9

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 quarter of 2012, an amount of CHF 30 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 *Annual Report* on pages 185 and 192.