

## Communications

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# Interim results and balance sheet of the Swiss National Bank as at 31 March 2007

**The interim result of the Swiss National Bank in the first quarter of 2007 was positive. Movements in the gold price again proved to be the main determining factor.**

The interim result comes to CHF 2.16 billion compared with CHF 3.57 billion in the corresponding year-earlier period.

### **Another rise in the gold price...**

The gold price has increased by 4.2% since the beginning of the year, reaching CHF 25,982 per kilogram at the end of March. Compared with the first quarter of 2006, the rise was far more moderate, however. Valuation gains on gold holdings came to CHF 1.35 (3.53) billion.

### **... and higher return on foreign currency investments**

Foreign currency investments generated a profit of CHF 777 (142) million. At CHF 388 (-327) million, fixed-income securities accounted for the largest share. This amount is roughly equal to current interest income. First-quarter capital gains and losses were approximately on a par in the first quarter of 2007, while all currencies had posted losses in the corresponding period in 2006. Income from equity investment was down compared with the previous year. Price gains and dividends amounted to CHF 122 (308) million. All investment currencies tended to appreciate compared with the end of 2006. The resulting exchange rate gain was CHF 269 (165) million.

Owing to higher interest income from repo transactions and comparatively lower capital losses on Swiss franc bonds, the return on Swiss franc investments came to CHF 94 (-51) million.

### **Interim results and distributable profit**

Together with other income and expenses, the interim result came to CHF 2.16 (3.57) billion before the legally prescribed increase in provisions. In accordance with art. 30 para. 1 of the National Bank Act (NBA), the National Bank is required to set up provisions permitting it to maintain the currency reserves at the level necessary for monetary policy.

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These provisions are increased in step with the growth in nominal gross domestic product. Based on this assessment method, the allocation to provisions totals CHF 751 million for the year as a whole, or CHF 188 million for the first three months. After this allocation, the contribution to the distributable profit is CHF 1.98 (CHF 3.35) billion.

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## Income statement from 1 January–31 March 2007<sup>1</sup>

In CHF millions	Item no. in Notes	Q1 2007	Q1 2006	Change
Net result from gold	1	1 350.3	3 530.1	-2 179.8
Net result from foreign currency investments	2	776.8	141.8	+ 635.0
Net result from Swiss franc investments	3	93.9	- 50.8	+ 144.7
Net result from other assets		3.8	1.7	+ 2.1
<b>Gross income</b>		<b>2 224.8</b>	<b>3 622.8</b>	<b>-1 398.0</b>
Banknote expenses		11.2	7.6	+ 3.6
Personnel expenses		26.5	25.9	+ 0.6
General overheads		16.0	13.8	+ 2.2
Depreciation on tangible assets		8.0	7.6	+ 0.4
<b>Interim result</b>		<b>2 163.0</b>	<b>3 567.9</b>	<b>-1 404.9</b>
Contribution to planned allocation to provisions for currency reserves <sup>2</sup>		- 187.8	- 222.2	+ 34.4
<b>Contribution to distributable profit<sup>3</sup></b>		<b>1 975.3</b>	<b>3 345.8</b>	<b>-1 370.5</b>

1 Unaudited. The external Audit Board only audits the annual financial statements.

2 One-quarter of the fixed annual allocation (CHF 751 million for 2007. Cf. *2006 Annual Report*, p. 83).

3 Since the amount of distributable profit depends heavily on fluctuations in the gold price, exchange rates and interest rates, it is liable to vary from one quarter to the next. Given that market movements cannot be forecast, only provisional conclusions as to the end-of-year distributable profit may be drawn.

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## Balance sheet as at 31 March 2007<sup>1</sup>

	31.03.2007	31.12.2006	Change
In CHF millions			
Gold holdings	30 593.2	29 190.2	+1 403.0
Claims from gold transactions	2 964.5	3 030.3	- 65.8
Foreign currency investments	45 398.1	45 591.9	- 193.8
Reserve position in the IMF	557.8	557.3	+ 0.5
International payment instruments	351.3	330.8	+ 20.5
Monetary assistance loans	238.8	236.6	+ 2.2
Claims from Swiss franc repo transactions	23 710.0	27 126.9	-3 416.9
Claims against domestic correspondents	5.2	5.1	+ 0.1
Swiss franc securities	4 709.3	4 907.6	- 198.3
Banknote stocks	121.1	125.0	- 3.9
Tangible assets	350.9	358.5	- 7.6
Participations	129.6	129.6	-
Other assets	235.8	223.6	+ 12.2
<b>Total assets</b>	<b>109 365.5</b>	<b>111 813.5</b>	<b>-2 448.0</b>
Banknotes in circulation	39 381.5	43 182.2	-3 800.7
Sight deposits of domestic banks	5 815.3	6 716.0	- 900.7
Liabilities towards the Confederation	1 086.0	1 056.2	+ 29.8
Sight deposits of foreign banks and institutions	464.8	421.7	+ 43.1
Other sight liabilities	218.8	163.2	+ 55.6
Liabilities from Swiss franc repo transactions	-	-	-
Foreign currency liabilities	1.1	1.8	- 0.7
Other liabilities	45.1	81.9	- 36.8
Provisions for operating risks	10.4	11.1	- 0.7
Provisions for currency reserves	38 635.7	38 635.7	-
Share capital	25.0	25.0	-
Distribution reserve	16 473.4	16 473.4	-
Annual result for 2006 <sup>2</sup>	5 045.3	5 045.3	-
Interim result	2 163.0		+2 163.0
<b>Total liabilities</b>	<b>109 365.5</b>	<b>111 813.5</b>	<b>-2 448.0</b>

1 Unaudited. The external Audit Board only audits the annual financial statements.

2 The appropriation of the 2006 annual result was determined at the General Meeting of Shareholders on 27 April 2007.

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## Accounting and valuation principles

The interim results, which have not been audited by the statutory auditors, cover the period from 1 January to 31 March 2007. The principles applied to the books of account, asset valuation, balance sheet and disclosure are governed by the NBA and the Swiss Code of Obligations and are in compliance with the Swiss GAAP FER 12 accounting provisions. The accounting and valuation principles remain unchanged from the 2006 annual result.

## Valuation rates

	Year under review			Previous year		
	31.03.2007	31.12.2006	Change	31.03.2006	31.12.2005	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	1.22	1.22	-	1.31	1.32	- 0.8
1 EUR	1.63	1.61	+ 1.2	1.58	1.56	+ 1.3
100 JPY	1.03	1.03	-	1.11	1.12	- 0.9
1 GBP	2.39	2.39	-	2.27	2.27	-
1 kilogram of gold	25 981.95	24 938.72	+ 4.2	24 424.42	21 692.03	+ 12.6

## Notes to the interim results

### Item no. 1: Net result from gold

Breakdown by type	Q1 2007	Q1 2006	Change
In CHF millions			
Net result from changes in market value	1 345.9	3 525.1	-2 179.2
Interest income from gold lending transactions	4.4	5.0	- 0.6
<b>Total</b>	<b>1 350.3</b>	<b>3 530.1</b>	<b>-2 179.8</b>

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## Item no. 2: Net result from foreign currency investments

<b>Breakdown by origin</b>	<b>Q1 2007</b>	<b>Q1 2006</b>	<b>Change</b>
In CHF millions			
Foreign currency investments	767.1	138.8	+ 628.3
Reserve position in the IMF	3.5	3.2	+ 0.3
International payment instruments	3.5	0.0	+ 3.5
Monetary assistance loans	2.7	0.3	+ 2.4
Foreign currency liabilities	- 0.0	- 0.5	+ 0.5
<b>Total</b>	<b>776.8</b>	<b>141.8</b>	<b>+ 635.0</b>

<b>Breakdown by type</b>	<b>Q1 2007</b>	<b>Q1 2006</b>	<b>Change</b>
In CHF millions			
Interest gain/loss	427.7	408.1	+ 19.6
Capital gain/loss	- 39.8	- 735.0	+ 695.2
Interest expenses	- 0.0	- 0.5	+ 0.5
Dividend income and price gain/loss	122.3	307.7	- 185.4
Exchange rate gain/loss	269.0	164.5	+ 104.5
Asset management and safe custody account fees	- 2.3	- 3.0	+ 0.7
<b>Total</b>	<b>776.8</b>	<b>141.8</b>	<b>+ 635.0</b>

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### Item no. 3: Net result from Swiss franc investments

Breakdown by origin	Q1 2007	Q1 2006	Change
In CHF millions			
Swiss franc securities	- 7.6	- 90.8	+ 83.2
Swiss franc repo transactions	108.4	45.3	+ 63.1
Other assets	0.0	0.0	-
Liabilities towards the Confederation	- 5.2	- 3.9	- 1.3
Other sight liabilities	- 1.7	- 1.5	- 0.2
<b>Total</b>	<b>93.9</b>	<b>- 50.8</b>	<b>+ 144.7</b>

Breakdown by type	Q1 2007	Q1 2006	Change
In CHF millions			
Interest gain/loss	146.1	88.9	+ 57.2
Capital gain/loss	- 44.7	- 133.6	+ 88.9
Interest expenses	- 6.9	- 5.4	- 1.5
Trading and safe custody account fees	- 0.6	- 0.8	+ 0.2
<b>Total</b>	<b>93.9</b>	<b>- 50.8</b>	<b>+ 144.7</b>