

Communications

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Interim results and balance sheet of the Swiss National Bank as at 30 June 2007

At CHF 2.23 billion, the National Bank's interim result for the first six months of 2007 slightly exceeded the year-earlier level of CHF 1.96 billion. The result was most affected by valuation changes on gold holdings and exchange rate movements.

All investment types contributed to the positive result. In the year-back period, by contrast, losses on foreign currency and Swiss franc investments had been offset by unusually high gains on gold holdings.

Slight rally in gold price ...

The gold price per kilogram rose in the first half of 2007 by 2.7% to CHF 25,613. The rise was distinctly more moderate than in the corresponding period of 2006; accordingly, the net result from gold, amounting to CHF 884 million (CHF 3.3 billion), was also more modest.

As part of the move to adjust the composition of the currency reserves, 14 tonnes of gold were sold by the end of June and the proceeds invested in foreign exchange reserves. Before the end of September 2009, a total of 250 tonnes of gold will be sold.

... and higher return on foreign currency investments

At CHF 1.36 billion (CHF -1.15 billion), foreign currency investments contributed to the positive result. More than half of this amount was the result of an exchange rate gain of CHF 743 million (CHF -945 million), which can be largely ascribed to the appreciation of the euro. Shares account for roughly one-tenth of foreign currency investments. At CHF 472 million (CHF 91 million), price gains and dividend income on holdings of shares also made a significant contribution to the half-yearly results. Fixed-income investments – the main component in foreign currency investments – accounted for a net result of CHF 156 million (CHF -285 million); yet, although they sustained capital losses due to the rising interest rates, these losses were more than sufficiently offset by current receipts on coupons.

The climbing interest rates affected Swiss franc investments as well, leading to capital losses on the fixed-income securities portfolio. This notwithstanding, they also boosted

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earnings from repo transactions, resulting in an overall gain of CHF 98 million (loss of CHF 51 million).

Interim results and distributable profit

Together with other income and expenses, the interim result came to CHF 2.23 billion (CHF 1.96 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. 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 376 million for the first six months. After this allocation, the contribution to the distributable profit is CHF 1.86 billion (CHF 1.51 billion).

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Income statement from 1 January–30 June 2007¹

In CHF millions	Item no. in Notes	Q1-Q2 2007	Q1-Q2 2006	Change
Net result from gold	1	883.5	3 260.2	-2 376.7
Net result from foreign currency investments	2	1 364.6	-1 145.2	+2 509.8
Net result from Swiss franc investments	3	97.7	- 50.9	+ 148.6
Net result from other assets		8.2	5.6	+ 2.6
Gross income		2 354.0	2 069.7	+ 284.3
Banknote expenses		15.0	17.2	- 2.2
Personnel expenses		57.6	52.1	+ 5.5
General overheads		31.0	26.3	+ 4.7
Depreciation on tangible assets		16.0	15.3	+ 0.7
Interim result		2 234.3	1 958.8	+ 275.5
Contribution to planned allocation to provisions for currency reserves ²		- 375.5	- 444.3	+ 68.8
Contribution to distributable profit³		1 858.8	1 514.5	+ 344.3

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

2 Half of the fixed annual allocation (CHF 751 million for 2007; cf. 99th Annual Report 2006, 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 30 June 2007¹

	30.06.2007	31.12.2006	Change
In CHF millions			
Gold holdings	29 268.8	29 190.2	+ 78.6
Claims from gold transactions	3 462.1	3 030.3	+ 431.8
Foreign currency investments	46 274.1	45 591.9	+ 682.2
Reserve position in the IMF	462.5	557.3	- 94.8
International payment instruments	450.3	330.8	+ 119.5
Monetary assistance loans	241.8	236.6	+ 5.2
Claims from Swiss franc repo transactions	24 006.3	27 126.9	-3 120.6
Claims against domestic correspondents	1.0	5.1	- 4.1
Swiss franc securities	4 427.2	4 907.6	- 480.4
Banknote stocks	130.3	125.0	+ 5.3
Tangible assets	350.2	358.5	- 8.3
Participations	129.6	129.6	-
Other assets	236.5	223.6	+ 12.9
Total assets	109 440.8	111 813.5	-2 372.7
Banknotes in circulation	39 306.6	43 182.2	-3 875.6
Sight deposits of domestic banks	7 906.6	6 716.0	+1 190.6
Liabilities towards the Confederation	1 181.1	1 056.2	+ 124.9
Sight deposits of foreign banks and institutions	339.6	421.7	- 82.1
Other sight liabilities	220.2	163.2	+ 57.0
Liabilities from Swiss franc repo transactions	-	-	-
Foreign currency liabilities	485.5	1.8	+ 483.7
Other liabilities	79.9	81.9	- 2.0
Provisions for operating risks	9.0	11.1	- 2.1
Provisions for currency reserves	39 524.3	38 635.7	+ 888.6 ²
Share capital	25.0	25.0	-
Distribution reserve	18 128.7	16 473.4	+1 655.3
Annual result for 2006		5 045.3	-5 045.3
Interim result	2 234.3		+2 234.3
Total liabilities	109 440.8	111 813.5	-2 372.7

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

2 Allocation from the 2006 annual result.

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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 30 June 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 otherwise unchanged from the 2006 annual result.

Valuation rates

	Year under review			Previous year		
	30.06.2007	31.12.2006	Change	30.06.2006	31.12.2005	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	1.22	1.22	-	1.23	1.32	- 6.8
1 EUR	1.66	1.61	+ 3.1	1.57	1.56	+ 0.6
100 JPY	0.99	1.03	- 3.9	1.07	1.12	- 4.5
1 GBP	2.46	2.39	+ 2.9	2.27	2.27	-
1 kilogram of gold	25 613.45	24 938.72	+ 2.7	24 213.77	21 692.03	+ 11.6

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1-Q2 2007	Q1-Q2 2006	Change
In CHF millions			
Net result from changes in market value	874.9	3 253.4	-2 378.5
Interest income from gold lending transactions	8.6	6.8	+ 1.8
Total	883.5	3 260.2	-2 376.7

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Item no. 2: Net result from foreign currency investments

Breakdown by origin	Q1-Q2 2007	Q1-Q2 2006	Change
In CHF millions			
Foreign currency investments	1 334.9	-1 126.6	+2 461.5
Reserve position in the IMF	11.4	- 14.7	+ 26.1
International payment instruments	11.7	0.0	+ 11.7
Monetary assistance loans	8.3	- 3.3	+ 11.6
Foreign currency liabilities	- 1.7	- 0.6	- 1.1
Total	1 364.6	-1 145.2	+2 509.8

Breakdown by type	Q1-Q2 2007	Q1-Q2 2006	Change
In CHF millions			
Interest gain/loss	854.2	787.8	+ 66.4
Capital gain/loss	- 698.5	-1 073.1	+ 374.6
Interest expenses	- 1.7	- 0.6	- 1.1
Dividend income and price gain/loss	472.3	91.2	+ 381.1
Exchange rate gain/loss	743.0	- 944.7	+1 687.7
Asset management and safe custody account fees	- 4.8	- 5.8	+ 1.0
Total	1 364.6	-1 145.2	+2 509.8

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Item no. 3: Net result from Swiss franc investments

Breakdown by origin	Q1-Q2 2007	Q1-Q2 2006	Change
In CHF millions			
Swiss franc securities	- 112.1	- 145.9	+ 33.8
Swiss franc repo transactions	224.5	106.2	+ 118.3
Other assets	0.0	0.0	-
Liabilities towards the Confederation	- 11.1	- 8.2	- 2.9
Other sight liabilities	- 3.6	- 3.1	- 0.5
Total	97.7	- 50.9	+ 148.6

Breakdown by type	Q1-Q2 2007	Q1-Q2 2006	Change
In CHF millions			
Interest gain/loss	298.1	192.4	+ 105.7
Capital gain/loss	- 184.3	- 230.5	+ 46.2
Interest expenses	- 14.7	- 11.3	- 3.4
Trading and safe custody account fees	- 1.4	- 1.6	+ 0.2
Total	97.7	- 50.9	+ 148.6