

Communications

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2006 annual result of the Swiss National Bank

As in 2005, the increase in the gold price had a major impact on the annual result of the Swiss National Bank in 2006, which comes to CHF 5.0 billion (2005: 12.8 billion). As stipulated, the profit to be distributed amounts to CHF 2.5 billion.

High valuation gains on gold and lower net result from foreign currency investments

Almost one-third of the SNB's assets are held in gold. Last year, the gold price per kilogram again rose sharply. At the end of 2006, a one-kilogram gold bullion bar cost CHF 24,900, 15% more than a year earlier. This resulted in valuation gains of CHF 4.2 billion (CHF 7.4 billion) on the National Bank's gold holdings.

Foreign currency investments make up approximately 40% of the National Bank's total assets. They largely consist of bonds and also comprise equities and money market investments. Foreign currency investments earned a total of CHF 0.8 billion (CHF 5.3 billion), which is significantly less than a year earlier. Interest, dividends and gains on securities amounted to CHF 1.4 billion (CHF 2.8 billion). Rising interest rates in all markets led to capital losses on fixed-income investments. Price gains on the equity portfolio declined somewhat from the previous year. Exchange rate developments resulted in valuation losses of CHF -0.5 billion (compared with gains of CHF 2.5 billion in 2005). Although all European investment currencies appreciated from the previous year, these gains were more than offset by the valuation losses resulting from the weaker US dollar and yen exchange rates.

Together with other income and expenses, the annual result came to CHF 5.0 billion, compared with CHF 12.8 billion a year previously.

Distribution of CHF 2.5 billion to the Confederation and the cantons

As the National Bank's results fluctuate very sharply due to market trends, the profit distributions have been fixed in advance in an agreement between the Confederation and the National Bank in order to smooth the payments in the medium term. The agreement, concluded in 2002, foresees annual distributions of CHF 2.5 billion for the time being.

From the 2006 annual result, CHF 0.9 billion is allocated to the provisions for currency reserves as prescribed by law. The distributable profit remaining after this allocation

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amounts to CHF 4.1 billion, of which CHF 2.5 billion is set aside for distribution to the Confederation and the cantons in 2006, while a legally stipulated maximum dividend of 6% is earmarked for the shareholders. The remaining CHF 1.6 billion is allocated to the distribution reserve, bringing it to CHF 18.1 billion (CHF 16.5 billion).

Summary of results

The key data on the annual result for the financial year just ended are shown below.

In CHF billions	2006	2005	Change
Net result from gold	4.2	7.5	-3.3
Net result from foreign currency investments	0.8	5.3	-4.5
Net result from Swiss franc investments	0.2	0.3	-0.1
Operating expenses	-0.2	-0.3	0.1
Annual result	5.0	12.8	-7.8
Allocation to provisions for currency reserves	-0.9	-0.8	-0.1
Distributable annual profit	4.1	12.0	-7.9

Valuation rates	31.12.2006 CHF	31.12.2005 CHF	Change In percent
1 US dollar	1.22	1.32	-8%
1 euro	1.61	1.56	+3%
1 kilogram of gold	24 939	21 692	+15%

The detailed annual results will, as usual, be presented in the Annual Report in spring. The General Meeting of Shareholders will take place on 27 April 2007.