

Communications

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Interim results of the Swiss National Bank as at 30 June 2009

The Swiss National Bank (SNB) is reporting half-yearly results of CHF 5.2 billion. The result was most affected by valuation changes on gold holdings. The stabilisation fund does not affect the results.

Nearly all investment types contributed to the positive half-yearly results. Interest income on foreign currency positions had a significant impact, and equity securities benefited from rebounding markets as well. Owing to the low interest rate level, Swiss franc investments generated only modest income. As a result of the interventions in the foreign exchange markets announced in March, the balance sheet total grew.

Price developments mainly positive

In spite of a slight decline in the second quarter, the price of gold remained, at CHF 32,545, well above the year-end price of CHF 29,640 per kilogram. Valuation gains on gold holdings came to CHF 3 billion for the first half of the year.

Movements in exchange rates exhibited a mixed trend in the second quarter. With the exception of the yen, however, they remain above their year-end level. The pound sterling has again risen against the Swiss franc since the end of March. The appreciation of the euro, by contrast, occurred mainly in the first quarter. The US dollar gave back a large part of its brief price gain again, yet still contributed to the positive half-yearly results.

Foreign currency investments also benefited from other market developments, with price gains on equity securities contributing CHF 231 million and dividend income CHF 124 million to this result. The interventions resulted in a marked increase in foreign currency investments, leading to interest income totalling CHF 1.3 billion. Foreign currency positions thus recorded a net result of CHF 2.36 billion (2008: CHF –3.63 billion).

Due to low interest rates, investments in Swiss francs were considerably less profitable, generating CHF 47 million, compared to CHF 219 million one year previously.

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Stabilisation fund

The last transfer of assets from UBS to the stabilisation fund took place at the beginning of April. Since some positions (notably derivatives) do not currently require any financing by the SNB, and the stabilisation fund has already made some repayments, the SNB loan to the stabilisation fund as of the reporting date amounts to USD 23.5 billion.

Meanwhile, management of the acquired assets has begun. In the last few months, the stabilisation fund benefited from a slight improvement in some markets and sold a few securities.

The cumulated loss (since 1 October 2008) posted by the stabilisation fund amounts to USD 4.5 billion and exceeds UBS's equity contribution by USD 628 million. The secondary loss protection, the warrant for 100 million UBS shares at nominal value, fully covers this loss on a consolidated basis (i.e. in the consolidated financial statements).

Interim result

Together with other income and expenses, an interim result of CHF 5.2 billion (loss of CHF 3.4 billion in the year-back period) was obtained before allocation to provisions. 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. These provisions are increased in step with economic growth. A total of CHF 1,403.6 million for the year 2009 as a whole, or CHF 701.8 million for the first six months, are to be allocated to provisions.

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Consolidated income statement in Q2 2009¹

Quarterly results	Item no. in Notes	Q2 2009	Q2 2008	Change
In CHF millions				
Net result from gold	1	-1 014.3	652.1	-1 666.4
Net result from foreign currency positions	2	1 044.4	- 47.1	+1 091.5
Net result from Swiss franc positions	3	40.3	65.4	- 25.1
Net result from stabilisation fund investments		453.3	-	+ 453.3
Income from participations		5.3	3.3	+ 2.0
Net result from other assets		- 5.3	0.3	- 5.6
Gross income		523.7	674.1	- 150.4
Banknote expenses		- 11.2	- 8.6	- 2.6
Personnel expenses		- 28.7	- 27.0	- 1.7
General overheads		- 55.4	- 13.4	- 42.0
Depreciation on tangible assets		- 9.0	- 8.5	- 0.5
Interim result		419.5	616.5	- 197.0
Contribution to the proposed allocation to provisions for currency reserves ²		- 350.9	- 251.7	- 99.2

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

² One quarter of the fixed annual allocation (CHF 1,403.6 million for 2009. Cf. 2008 Annual Report, p. 112).

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Consolidated income statement, 1 January–30 June 2009¹

Half-yearly results	Item no. in Notes	Q1-Q2 2009	Q1-Q2 2008	Change
In CHF millions				
Net result from gold	1	3 026.7	161.9	+2 864.8
Net result from foreign currency positions	2	2 356.4	-3 631.4	+5 987.8
Net result from Swiss franc positions	3	47.4	219.0	- 171.6
Net result from stabilisation fund investments		-	-	-
Income from participations		5.3	3.3	+ 2.0
Net result from other assets		- 8.3	1.1	- 9.4
Gross income		5 427.6	-3 246.1	+8 673.7
Banknote expenses		- 22.6	- 15.3	- 7.3
Personnel expenses		- 57.0	- 53.7	- 3.3
General overheads		- 81.1	- 25.6	- 55.5
Depreciation on tangible assets		- 17.8	- 16.8	- 1.0
Interim result		5 249.0	-3 357.5	+8 606.5
Contribution to the proposed allocation to provisions for currency reserves ²		- 701.8	- 503.5	- 198.3

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

² One quarter of the fixed annual allocation (CHF 1,403.6 million for 2009. Cf. *2008 Annual Report*, p. 112).

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Consolidated balance sheet as at 30 June 2009

	30.06.2009	31.12.2008	Change
In CHF millions			
Gold holdings	30 379.9	27 521.2	+2 858.7
Claims from gold transactions	3 502.2	3 340.4	+ 161.8
Foreign currency investments	81 706.3	47 428.8	+34 277.5
Reserve position in the IMF	1 092.9	724.7	+ 368.2
International payment instruments	261.2	244.5	+ 16.7
Monetary assistance loans	343.4	326.3	+ 17.1
Claims from repo transactions in US dollars	20.6	11 670.9	-11 650.3
Balances from swap transactions against Swiss francs	48 492.1	50 421.4	-1 929.3
Claims from repo transactions in Swiss francs	43 788.8	50 320.6	-6 531.8
Claims against domestic correspondents	1.1	11.1	- 10.0
Swiss franc securities	6 239.3	3 596.7	+2 642.6
Stabilisation fund investments	25 006.1	16 227.1	+8 779.0
Banknote stocks	119.9	136.5	- 16.6
Tangible assets	371.5	382.8	- 11.3
Participations	147.8	147.8	-
Other assets	773.7	3 407.7	-2 634.0
Total assets	242 246.9	215 908.5	+26 338.4

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In CHF millions	30.06.2009	31.12.2008	Change
Banknotes in circulation	45 460.8	49 160.8	-3 700.0
Sight deposits of domestic banks	77 837.0	37 186.2	+40 650.8
Liabilities towards the Confederation	9 854.0	8 803.7	+1 050.3
Sight deposits of foreign banks and institutions	7 025.0	3 799.8	+3 225.2
Other sight liabilities	5 328.2	1 383.7	+3 944.5
SNB debt certificates	29 007.2	24 424.9	+4 582.3
Liabilities from repo transactions in Swiss francs	-	-	-
Other term liabilities	401.3	29 414.5	-29 013.2
Foreign currency liabilities	4 234.7	420.1	+3 814.6
Contractual agreements	-	948.1	- 948.1
Other liabilities	1 788.0	1 934.4	- 146.4
Provisions for operating risks and other provisions	5.3	6.2	- 0.9
Provisions for currency reserves	41 282.2	40 275.3	+1 006.9
Capital	25.0	25.0	-
Distribution reserve ¹	14 634.2	22 871.7	-8 237.5
Annual result for 2008	-	-4 729.1	+4 729.1
Foreign currency translation differences	115.0	- 16.8	+ 131.8
Interim result	5 249.0		+5 249.0
Total liabilities	242 246.9	215 908.5	+26 338.4

¹ The distribution reserve only changes once a year, as part of the profit appropriation. It is taken from the annual result of the Swiss National Bank (individual financial statement), minus the legally prescribed allocation to the provisions for currency reserves. Given that the SNB's results depend heavily on fluctuations in the gold price, exchange rates and interest rates, only provisional conclusions as to the end-of-year distributable profit may be drawn.

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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 2009. These consolidated financial statements have been prepared in accordance with the provisions of the National Bank Act (NBA), the Swiss Code of Obligations (CO), the Listing Rules of SIX Swiss Exchange, and the Bank Accounting Guidelines (FINMA Circ. 08/2). The accounting and valuation principles remain otherwise unchanged from the 2008 annual result.

Valuation rates

	Year under review			Previous year		
	30.06.2009	31.12.2008	Change	30.06.2008	31.12.2007	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	1.0832	1.0658	+ 1.6	1.0183	1.1277	- 9.7
1 EUR	1.5251	1.4895	+ 2.4	1.6070	1.6557	- 2.9
100 JPY	1.1246	1.1734	- 4.2	0.9625	1.0109	- 4.8
1 GBP	1.7911	1.5595	+ 14.9	2.0311	2.2586	- 10.1
1 kilogram of gold	32 544.60	29 640.32	+ 9.8	30 455.55	30 328.47	+ 0.4

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1-Q2 2009	Q1-Q2 2008	Change
In CHF millions			
Net result from changes in market value	3 020.8	159.1	+2 861.7
Net result from gold lending transactions	5.9	2.8	+ 3.1
Total	3 026.7	161.9	+2 864.8

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Item no. 2: Net result from foreign currency investments

Breakdown by origin	Q1-Q2 2009	Q1-Q2 2008	Change
In CHF millions			
Foreign currency investments	2 605.5	-3 481.6	+6 087.1
Reserve position in the IMF	11.9	- 15.6	+ 27.5
International payment instruments	8.8	- 13.2	+ 22.0
Monetary assistance loans	10.7	- 18.7	+ 29.4
Foreign currency liabilities	1 008.8	- 102.4	+1 111.2
Other foreign currency investments	-1 289.2	-	-1 289.2
Total	2 356.4	-3 631.4	+5 987.8

Breakdown by type	Q1-Q2 2009	Q1-Q2 2008	Change
In CHF millions			
Interest income	1 314.8	929.7	+ 385.1
Price gain/loss on interest-bearing paper and instruments	- 278.7	- 672.2	+ 393.5
Interest expenses	- 62.4	- 102.4	+ 40.0
Dividend income	123.5	95.7	+ 27.8
Price gain/loss on equity securities and instruments	230.6	- 880.1	+1 110.7
Exchange rate gain/loss	1 030.9	-2 998.0	+4 028.9
Asset management and safe custody account fees	- 2.3	- 4.0	+ 1.7
Total	2 356.4	-3 631.4	+5 987.8

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Item no. 3: Net result from Swiss franc investments

Breakdown by origin	Q1-Q2 2009	Q1-Q2 2008	Change
In CHF millions			
Swiss franc securities	32.5	- 9.6	+ 42.1
Swiss franc repo transactions	25.9	304.0	- 278.1
Other assets	0.3	0.0	+ 0.3
Liabilities towards the Confederation	- 5.5	- 64.9	+ 59.4
SNB debt certificates	- 2.0	-	- 2.0
Other sight liabilities	- 3.8	- 10.4	+ 6.6
Total	47.4	219.0	- 171.6

Breakdown by type	Q1-Q2 2009	Q1-Q2 2008	Change
In CHF millions			
Interest income	94.4	364.9	- 270.5
Capital gain/loss	- 32.6	- 68.5	+ 35.9
Interest expenses	- 11.3	- 75.3	+ 64.0
Trading and safe custody account fees	- 3.1	- 2.0	- 1.1
Total	47.4	219.0	- 171.6