

Communications

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Interim results of the Swiss National Bank as at 31 March 2011

The Swiss National Bank (SNB) is reporting a consolidated profit of CHF 1.9 billion for the first quarter of 2011.

For the first three months of the year, the net result from foreign currency positions amounted to CHF 1.6 billion, while a net loss of CHF 106 million was recorded on Swiss franc positions. Movements in the gold price did not significantly influence the consolidated result. The stabilisation fund contributed CHF 338 million to the favourable quarterly result.

The SNB result depends largely on developments in the gold, foreign exchange and capital markets. Consequently, strong fluctuations are normal and it is only possible to make provisional conclusions with regard to the annual result.

Divergent exchange rates

The net result from foreign currency positions amounted to CHF 1.6 billion. In the first quarter of 2011, the Swiss franc depreciated against the European currencies, leading to exchange rate gains, especially on euro holdings. A depreciation in the US dollar and the yen, however, meant that the overall exchange rate gain amounted to CHF 2.4 billion. A slight rise in interest rates depressed prices of interest-bearing instruments by CHF 2.9 billion. Interest income on these securities of CHF 1.4 billion and price gains on equity securities of CHF 0.6 billion were not sufficient to offset the fall in prices.

Lower valuation gains on gold holdings

The SNB still holds 1,040 tonnes of gold in the form of currency reserves. At CHF 42,300, a kilo of gold was worth only slightly more at the end of March than at the end of December 2010, and the net result from gold, at CHF 11.5 million, was consequently low.

Losses on Swiss franc positions

The SNB absorbs excess liquidity using repo transactions and its own debt certificates (SNB Bills), which result in interest expenses. Since there were also price losses recorded on Swiss franc securities, there was a net loss of CHF 105.8 million on Swiss franc positions.

29 April 2011

2

Stabilisation fund continues to be positive

In the first quarter of 2011, the SNB loan to the stabilisation fund was further reduced, from CHF 11.8 billion to CHF 9.9 billion, and the overall risk decreased from almost CHF 14 billion to less than CHF 12 billion.

The stabilisation fund showed a quarterly profit of USD 678 million, representing a contribution of CHF 338 million to the consolidated result.

Interim result and establishment of provisions

As at end-March 2011, the SNB recorded a profit of CHF 1.9 billion before allocation to the provisions for currency reserves (Q1 2010: CHF 1.5 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.

29 April 2011

3

Consolidated income statement, 1 January–31 March 2011¹

In CHF millions	Item no. in Notes	Q1 2011	Q1 2010	Change
Net result from gold	1	11.5	1 269.1	-1 257.6
Net result from foreign currency positions	2	1 600.7	- 872.1	+2 472.8
Net result from Swiss franc positions	3	- 105.8	111.5	- 217.3
Net result from stabilisation fund investments		723.6	1 552.1	- 828.5
Net result from stabilisation fund loss protection arrangements	4	- 299.9	- 482.3	+ 182.4
Income from participations		-	-	-
Net result, other		1.0	1.4	- 0.4
Gross income		1 931.0	1 579.5	+ 351.5
Banknote expenses		- 4.3	- 6.5	+ 2.2
Personnel expenses		- 31.4	- 30.3	- 1.1
General overheads		- 23.0	- 28.7	+ 5.7
Depreciation on tangible assets		- 10.1	- 9.0	- 1.1
Interim result		1 862.2	1 505.0	+ 357.2

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

29 April 2011

4

Consolidated balance sheet as at 31 March 2011¹

In CHF millions	31.03.2011	31.12.2010	Change
Gold holdings	43 360.2	43 349.0	+ 11.2
Claims from gold transactions	639.2	638.9	+ 0.3
Foreign currency investments ²	211 918.1	203 809.6	+8 108.5
Reserve position in the IMF	1 313.6	1 067.7	+ 245.9
International payment instruments	4 699.8	4 670.3	+ 29.5
Monetary assistance loans	300.9	300.4	+ 0.5
Swiss franc securities	3 455.0	3 497.4	- 42.4
Stabilisation fund investments	12 617.7	13 961.1	-1 343.4
Banknote stocks	108.1	110.9	- 2.8
Tangible assets	351.2	356.3	- 5.1
Participations	146.1	146.1	-
Other assets	1 596.1	1 666.9	- 70.8
Total assets	280 505.9	273 574.6	+6 931.3

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

² Includes, as at end-March 2011, repo transactions in foreign currencies relating to the management of foreign currency investments amounting to CHF 5.8 billion (end-December 2010: CHF 1.1 billion). The associated liabilities are listed under *foreign currency liabilities*.

29 April 2011

5

	31.03.2011	31.12.2010	Change
In CHF millions			
Banknotes in circulation	49 002.8	51 498.0	-2 495.2
Sight deposits of domestic banks	23 076.4	37 950.7	-14 874.3
Liabilities towards the Confederation	6 962.0	5 347.2	+1 614.8
Sight deposits of foreign banks and institutions	3 142.8	3 779.4	- 636.6
Other sight liabilities	1 408.3	1 838.8	- 430.5
Liabilities from Swiss franc repo transactions	21 002.1	13 182.1	+7 820.0
SNB debt certificates	117 017.5	107 869.6	+9 147.9
Foreign currency liabilities	5 836.2	1 068.7	+4 767.5
Counterpart of special drawing rights allocated by the IMF	4 751.6	4 736.5	+ 15.1
Other liabilities	2 457.7	2 260.2	+ 197.5
Provisions for operating risks and other provisions	3.3	3.5	- 0.2
Provisions for currency reserves ¹	44 337.1	44 337.1	-
Capital	25.0	25.0	-
Distribution reserve ²	19 032.8	19 032.8	-
Consolidated result 2010	-19 170.8	-19 170.8	-
Foreign currency translation differences	- 241.0	- 184.2	- 56.8
Interim result	1 862.2		+1 862.2
Total liabilities	280 505.9	273 574.6	+6 931.3

¹ In line with art. 30 para. 1 NBA, the provisions for currency reserves are topped up by means of an annual allocation. The amount to be allocated is determined towards the end of the year. The allocation takes place after the subsequent General Meeting of Shareholders, as part of the profit appropriation.

² 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 annual result of the SNB (individual financial statements) and the actual distribution to shareholders and to the Confederation and cantons. This takes place after 29 April 2011, the date of the General Meeting. The distribution reserve can be negative.

29 April 2011

6

Valuation rates

	Year under review			Previous year		
	31.03.2011	31.12.2010	Change	31.03.2010	31.12.2009	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	0.9143	0.9327	- 2.0	1.0569	1.0336	+ 2.3
1 EUR	1.2968	1.2494	+ 3.8	1.4283	1.4853	- 3.8
100 JPY	1.1036	1.1479	- 3.9	1.1374	1.1142	+ 2.1
1 CAD	0.9418	0.9348	+ 0.7	1.0408	0.9855	+ 5.6
1 GBP	1.4671	1.4529	+ 1.0	1.6004	1.6723	- 4.3
1 kilogram of gold	42 300.01	42 289.16	+ 0.0	37 904.82	36 687.03	+ 3.3

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1 2011	Q1 2010	Change
In CHF millions			
Net result from changes in market value	11.3	1 266.6	-1 255.3
Interest income from gold lending transactions	0.2	2.4	- 2.2
Total	11.5	1 269.1	-1 257.6

29 April 2011

7

Item no. 2: Net result from foreign currency positions

Breakdown by origin	Q1 2011	Q1 2010	Change
In CHF millions			
Foreign currency investments	1 733.1	- 557.6	+2 290.7
Reserve position in the IMF	- 15.9	- 19.7	+ 3.8
International payment instruments	- 0.0	- 0.6	+ 0.6
Monetary assistance loans	1.4	- 1.1	+ 2.5
SNB debt certificates	-	- 445.4	+ 445.4
Foreign currency liabilities	- 1.4	- 33.9	+ 32.5
Other foreign currency positions	- 116.7	186.1	- 302.8
Total	1 600.7	- 872.1	+2 472.8

Breakdown by type	Q1 2011	Q1 2010	Change
In CHF millions			
Interest income	1 413.5	734.2	+ 679.3
Price gain/loss on interest-bearing paper and instruments	-2 855.5	556.0	-3 411.5
Interest expenses	- 6.2	- 18.8	+ 12.6
Dividend income	85.2	28.3	+ 56.9
Price gain/loss on equity securities and instruments	598.9	258.3	+ 340.6
Exchange rate gain/loss	2 367.2	-2 426.1	+4 793.3
Asset management, safe custody account and other fees	- 2.4	- 4.1	+ 1.7
Total	1 600.7	- 872.1	+2 472.8

29 April 2011

8

Item no. 3: Net result from Swiss franc positions

Breakdown by origin	Q1 2011	Q1 2010	Change
In CHF millions			
Swiss franc securities	- 23.0	113.0	- 136.0
Liquidity-providing Swiss franc repo transactions	0.0	2.9	- 2.9
Liquidity-absorbing Swiss franc repo transactions	- 6.0	-	- 6.0
Other assets	0.0	0.0	+ 0.0
Liabilities towards the Confederation	- 0.8	- 0.2	- 0.6
SNB debt certificates	- 74.4	- 2.6	- 71.8
Other sight liabilities	- 1.7	- 1.6	- 0.1
Total	- 105.8	111.5	- 217.3

Breakdown by type	Q1 2011	Q1 2010	Change
In CHF millions			
Interest income	22.5	47.6	- 25.1
Price gain/loss on interest-bearing paper and instruments	- 43.3	69.6	- 112.9
Interest expenses	- 64.0	- 2.6	- 61.4
Trading, safe custody account and other fees	- 21.0	- 3.2	- 17.8
Total	- 105.8	111.5	- 217.3

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 a 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 2011, an amount of CHF 300 million would accrue to UBS. This is recorded as a negative entry under *net result from stabilisation fund loss protection arrangements*. Further information is available in the *Annual Report* (pp. 181, 188).