

## Communications

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## Annual result of the Swiss National Bank for 2011

**The Swiss National Bank (SNB) is reporting a consolidated profit of CHF 13.5 billion for 2011, following a loss of CHF 19.2 in the previous year. Consolidated foreign currency positions contributed CHF 7.7 billion to this profit figure, of which interest income (CHF 5.5 billion) and price gain on interest-bearing paper and instruments (CHF 3.7 billion) were the most important components. Exchange rate effects were minimal, amounting to a loss of CHF 0.1 billion. The result on gold holdings amounts to CHF 5.4 billion.**

At CHF 13.0 billion, the result for the parent company, upon which the profit distribution is based, is CHF 440.2 million less than that of the consolidated result. The difference is due to the inclusion of the stabilisation fund companies in the consolidated result.

For the financial year just ended, the SNB has set the allocation to the provisions for currency reserves at CHF 3.2 billion. The distributable profit remaining after this allocation is CHF 9.9 billion. It will be offset against the negative distribution reserve from the previous year, leaving CHF 4.9 billion for distribution. According to the proposal to the General Meeting of Shareholders, the latter are to receive CHF 1.5 billion in the form of dividends, while CHF 1 billion are to be distributed to the Confederation and the cantons in accordance with the agreement between the Confederation and the SNB. The remaining profit of CHF 3.9 billion will be allocated to the distribution reserve.

### **Significant increase in gold price and contribution of foreign currency positions to profit**

In 2011, the price of gold rose further. At CHF 47,473 per kilogram on 31 December 2011, it was once again considerably higher than a year earlier (2010: CHF 42,289). A valuation gain of CHF 5.4 billion was recorded on the holding of 1,040 tonnes of gold (2010: CHF 5.8 billion).

At consolidated level, the profit on foreign currency positions for the financial year amounts to CHF 7.7 billion. This includes CHF 5.5 billion in interest income. In addition, lower interest rates in many places resulted in price gains of CHF 3.7 billion on interest-bearing securities and instruments. In the case of equity securities and instruments, price losses of CHF 1.9 billion exceeded dividend income of CHF 0.6 billion. In 2011, exchange rate effects were minimal, amounting to a loss of CHF 0.1 billion. In conjunction with

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various other elements, consolidated foreign currency positions gave rise to a profit of CHF 7.7 billion (2010: loss of CHF 27.0 billion).

### **Net loss on Swiss franc positions**

A net loss of CHF 163 million was recorded on Swiss franc positions (2010: net gain of CHF 70.9 million). This was mainly attributable to expenses of some CHF 325 million for debt certificates (SNB Bills) and liquidity-absorbing repo operations.

### **Stabilisation fund shows positive result; loan reduced**

The stabilisation fund, which was established by the SNB in autumn 2008, recorded a profit of CHF 0.9 billion (2010: CHF 2.6 billion). The outlook in the key investment markets had worsened in the second half of the financial year, leading to writedowns.

The liquidation strategy for the stabilisation fund was maintained. The SNB loan decreased from almost CHF 12 billion to less than CHF 8 billion. In the same period, additional contingent liabilities declined from CHF 2.0 billion to CHF 0.8 billion. Should financing needs arise, the contingent liabilities would trigger additional drawdowns from the SNB if the financing needs could not be covered by the funds available in the stabilisation fund.

### **Consolidated financial statements benefit from stabilisation fund**

The result from the stabilisation fund improves the consolidated result by a total of CHF 440 million over the parent company result (CHF 1,636 million).

More detailed information is provided in item no. 4.

### **Distribution to the Confederation and the cantons**

Since the distribution reserve amounted to CHF –5 billion following last year's profit appropriation, a net profit of CHF 4.9 billion remains after offsetting the 2011 distributable profit against the distribution reserve. After the distribution of CHF 1 billion to the Confederation and the cantons and payment of CHF 1.5 million in dividends, the distribution reserve will amount to CHF 3.9 billion.

The comprehensive financial report will be published on 5 April 2012 as part of the SNB Annual Report.

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## Parent company income statement for 2011

In CHF millions	Item no. in Notes	2011	2010	Change
Net result from gold	1	5 392.3	5 836.3	- 444.0
Net result from foreign currency positions	2	7 963.1	-26 492.5	+34 455.6
Net result from Swiss franc positions	3	- 162.7	70.9	- 233.6
Net result, other		94.8	28.2	+ 66.6
<b>Gross income</b>		<b>13 287.6</b>	<b>-20 557.1</b>	<b>+33 844.7</b>
Banknote expenses		- 20.4	- 21.4	+ 1.0
Personnel expenses		- 128.8	- 116.4	- 12.4
General overheads		- 73.1	- 73.6	+ 0.5
Depreciation on tangible assets		- 36.2	- 38.7	+ 2.5
<b>Annual result</b>		<b>13 028.9</b>	<b>-20 807.1</b>	<b>+33 836.0</b>
Allocation to provisions for currency reserves		-3 154.3 <sup>1</sup>	- 724.2	-2 430.1

<sup>1</sup> In accordance with the Bank Council resolution of 16 December 2011.

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## Parent company balance sheet as at 31 December 2011

	31.12.2011	31.12.2010	Change
In CHF millions			
Gold holdings	48 662.5	43 349.0	+5 313.5
Claims from gold transactions	717.5	638.9	+ 78.6
Foreign currency investments	257 504.2	203 809.6	+53 694.6
Reserve position in the IMF	3 134.5	1 067.7	+2 066.8
International payment instruments	4 621.2	4 670.3	- 49.1
Monetary assistance loans	301.4	300.4	+ 1.0
Claims from US dollar repo transactions	370.5	-	+ 370.5
Claims from Swiss franc repo transactions	18 468.0	-	+18 468.0
Swiss franc securities	3 675.1	3 497.4	+ 177.7
Loan to stabilisation fund	7 644.9	11 786.1	-4 141.2
Banknote stocks	129.8	110.9	+ 18.9
Tangible assets	325.4	356.3	- 30.9
Participations	147.2	146.3	+ 0.9
Other assets	377.2	222.0	+ 155.2
<b>Total assets</b>	<b>346 079.3</b>	<b>269 954.9</b>	<b>+76 124.4</b>

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	31.12.2011	31.12.2010	Change
In CHF millions			
Banknotes in circulation	55 728.9	51 498.0	+4 230.9
Sight deposits of domestic banks	180 720.7	37 950.7	+142 770.0
Liabilities towards the Confederation	5 647.5	5 347.2	+ 300.3
Sight deposits of foreign banks and institutions	1 884.5	3 779.4	-1 894.9
Other sight liabilities <sup>1</sup>	28 447.9	1 839.2	+26 608.7
Liabilities from Swiss franc repo transactions	-	13 182.1	-13 182.1
SNB debt certificates	14 719.5	107 869.6	-93 150.1
Other term liabilities	366.4	-	+ 366.4
Foreign currency liabilities	551.6	1 068.7	- 517.1
Counterpart of special drawing rights allocated by the IMF	4 734.6	4 736.5	- 1.9
Other liabilities	155.1	92.0	+ 63.1
Provisions for operating risks	7.3	3.5	+ 3.8
Provisions for currency reserves <sup>2</sup>	45 061.3	44 337.1	+ 724.2
Share capital	25.0	25.0	-
Distribution reserve <sup>2</sup>	-5 000.0	19 032.8	-24 032.8
Annual result <sup>3</sup>	13 028.9	-20 807.1	+33 836.0
<b>Total liabilities</b>	<b>346 079.3</b>	<b>269 954.9</b>	<b>+76 124.4</b>

<sup>1</sup> Essentially, the sight deposit accounts of non-banks (PostFinance, BIS, Eurex, insurance companies, etc.).

<sup>2</sup> The provisions for currency reserves are topped up as part of the profit appropriation, which is performed after the General Meeting of Shareholders. For the 2011 financial year, CHF 3.2 billion was allocated. In addition, the remaining distributable profit is offset against the distribution reserve. After this offsetting operation and the distribution have been carried out, the distribution reserve will amount to CHF 3.9 billion.

<sup>3</sup> Before appropriation of profit.

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## Valuation rates

	Year under review			Previous year		
	31.12.2011	31.12.2010	Change	31.12.2010	31.12.2009	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 EUR	1.2172	1.2494	- 2.6	1.2494	1.4853	- 15.9
1 USD	0.9378	0.9327	+ 0.5	0.9327	1.0336	- 9.8
100 JPY	1.2149	1.1479	+ 5.8	1.1479	1.1142	+ 3.0
1 CAD	0.9198	0.9348	- 1.6	0.9348	0.9855	- 5.1
1 GBP	1.4581	1.4529	+ 0.4	1.4529	1.6723	- 13.1
1 kilogram of gold	47 472.70	42 289.16	+ 12.3	42 289.16	36 687.03	+ 15.3

## Notes to the parent company annual financial statements

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

Breakdown by type	2011	2010	Change
In CHF millions			
Net result from changes in market value	5 391.3	5 826.8	- 435.5
Interest income from gold lending transactions	1.0	9.5	- 8.5
<b>Total</b>	<b>5 392.3</b>	<b>5 836.3</b>	<b>- 444.0</b>

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

<b>Breakdown by origin</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>
In CHF millions			
Foreign currency investments	7 749.3	-24 927.1	+32 676.4
Reserve position in the IMF	67.3	- 126.4	+ 193.7
International payment instruments	- 2.7	- 1.1	- 1.6
Monetary assistance loans	2.2	- 36.0	+ 38.2
SNB debt certificates	-	- 502.2	+ 502.2
Foreign currency liabilities	- 20.8	- 52.1	+ 31.3
Other foreign currency positions <sup>1</sup>	167.9	- 847.5	+1 015.4
<b>Total</b>	<b>7 963.1</b>	<b>-26 492.5</b>	<b>+34 455.6</b>

<sup>1</sup> Including interest income from the loan to the stabilisation fund.

<b>Breakdown by type</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>
In CHF millions			
Interest income <sup>1</sup>	5 763.3	5 107.4	+ 655.9
Price gain/loss on interest-bearing paper and instruments	3 722.7	- 692.1	+4 414.8
Interest expenses	- 38.8	- 60.6	+ 21.8
Dividend income	562.3	320.6	+ 241.7
Price gain/loss on equity securities and instruments	-1 915.5	1 542.1	-3 457.6
Exchange rate gain/loss	- 123.9	-32 699.6	+32 575.7
Asset management, safe custody account and other fees	- 6.9	- 10.3	+ 3.4
<b>Total</b>	<b>7 963.1</b>	<b>-26 492.5</b>	<b>+34 455.6</b>

<sup>1</sup> Including interest income from the loan to the stabilisation fund.

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

<b>Breakdown by origin</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>
In CHF millions			
Swiss franc securities	188.0	239.7	- 51.7
Liquidity-providing Swiss franc repo transactions	- 16.5	3.4	- 19.9
Liquidity-absorbing Swiss franc repo transactions	- 11.9	- 14.1	+ 2.2
Other assets	0.0	0.0	+ 0.0
Liabilities towards the Confederation	- 2.7	- 5.3	+ 2.6
SNB debt certificates	- 313.1	- 146.3	- 166.8
Other sight liabilities	- 6.5	- 6.5	+ 0.0
<b>Total</b>	<b>- 162.7</b>	<b>70.9</b>	<b>- 233.6</b>

<b>Breakdown by type</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>
In CHF millions			
Interest income	89.8	139.9	- 50.1
Price gain/loss on interest-bearing paper and instruments	105.0	110.3	- 5.3
Interest expenses	- 306.8	- 120.9	- 185.9
Trading, safe custody account and other fees	- 50.6	- 58.4	+ 7.8
<b>Total</b>	<b>- 162.7</b>	<b>70.9</b>	<b>- 233.6</b>



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## Stabilisation fund income statement for 2011

In USD millions

	2011	2010	Change
Net interest income from securities and non-securitised loans	623.2	866.6	- 243.4
Effective interest (less impairments)	644.0	1 080.5	- 436.5
Net result from derivatives	- 47.6	- 141.3	+ 93.7
Unrealised valuations gains/losses	15.8	1 123.8	-1 108.0
Realised valuations gains/losses	150.1	110.3	+ 39.8
Financing costs	- 286.9	- 457.6	+ 170.7
<b>Gross income</b>	<b>1 098.5</b>	<b>2 582.3</b>	<b>-1 483.8</b>
Foreign tax expenses (-) and tax credits (+)	0.0	- 0.1	+ 0.1
Operating expenses	- 41.1	- 53.8	+ 12.7
<b>Net income</b>	<b>1 057.3</b>	<b>2 528.5</b>	<b>-1 471.2</b>

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## Stabilisation fund balance sheet as at 31.12.2011

In USD millions

	31.12.2011	31.12.2010	Change
<b>Bank deposits</b>	<b>396.6</b>	<b>514.1</b>	<b>- 117.5</b>
Securities (securitised loans)	8 824.7	11 661.6	-2 836.9
Non-securitised loans	2 055.1	2 479.2	- 424.1
Real estate	69.7	39.7	+ 30.0
<b>Subtotal investments</b>	<b>10 949.5</b>	<b>14 180.5</b>	<b>-3 231.0</b>
Interest rate derivatives	138.3	45.0	+ 93.3
Credit derivatives	25.5	45.4	- 19.9
<b>Subtotal derivatives</b>	<b>163.8</b>	<b>90.4</b>	<b>+ 73.4</b>
Prepayments and accrued income	41.3	54.3	- 13.0
Other assets	232.8	129.4	+ 103.4
<b>Total assets</b>	<b>11 784.0</b>	<b>14 968.7</b>	<b>-3 184.7</b>
Interest rate derivatives	403.6	176.0	+ 227.6
Accrued expenses and deferred income	16.4	22.3	- 5.9
Other liabilities	1.4	0.7	+ 0.7
SNB loan	8 140.4	12 618.9	-4 478.5
Deferred management fee	56.6	40.5	+ 16.1
<b>Subtotal liabilities</b>	<b>8 618.4</b>	<b>12 858.5</b>	<b>-4 240.1</b>
Paid-in equity	3 896.7	3 896.7	-
Foreign currency translation differences	- 2.4	- 0.4	- 2.0
Result, carried over	-1 786.0	-4 314.5	+2 528.5
Result, current period	1 057.3	2 528.5	-1 471.2
<b>Subtotal equity</b>	<b>3 165.6</b>	<b>2 110.3</b>	<b>+1 055.3</b>
<b>Total liabilities</b>	<b>11 784.0</b>	<b>14 968.7</b>	<b>-3 184.7</b>

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## Consolidated income statement for 2011

In CHF millions	Item no. in Notes	2011	2010	Change
Net result from gold		5 392.3	5 836.3	- 444.0
Net result from foreign currency positions		7 708.7	-26 969.3	+34 678.0
Net result from Swiss franc positions		- 162.7	70.9	- 233.6
Net result from stabilisation fund investments	4	1 228.8	3 167.8	-1 939.0
Net result from stabilisation fund loss protection arrangements	4	- 497.7	- 998.6	+ 500.9
Income from participations		9.3	18.9	- 9.6
Net result, other		82.3	5.9	+ 76.4
<b>Gross income</b>		<b>13 761.0</b>	<b>-18 868.2</b>	<b>+32 629.2</b>
Banknote expenses		- 20.4	- 21.4	+ 1.0
Personnel expenses		- 128.8	- 116.4	- 12.4
General overheads		- 106.4	- 126.2	+ 19.8
Depreciation on tangible assets		- 36.2	- 38.7	+ 2.5
<b>Consolidated result</b>		<b>13 469.1</b>	<b>-19 170.8</b>	<b>+32 639.9</b>

## Consolidated balance sheet as at 31 December 2011

In CHF millions	31.12.2011	31.12.2010	Change
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Monetary assistance loans	301.4	300.4	+ 1.0
Claims from US dollar repo transactions	370.5	-	+ 370.5
Claims from Swiss franc repo transactions	18 468.0	-	+18 468.0
Swiss franc securities	3 675.1	3 497.4	+ 177.7
Stabilisation fund investments	11 051.1	13 961.1	-2 910.0
Banknote stocks	129.8	110.9	+ 18.9
Tangible assets	325.4	356.3	- 30.9
Participations	147.0	146.1	+ 0.9
Other assets	1 236.2	1 666.9	- 430.7
<b>Total assets</b>	<b>350 344.3</b>	<b>273 574.6</b>	<b>+76 769.7</b>

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	31.12.2011	31.12.2010	Change
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Sight deposits of foreign banks and institutions	1 884.5	3 779.4	-1 894.9
Other sight liabilities	28 447.7	1 838.8	+26 608.9
Liabilities from Swiss franc repo transactions	-	13 182.1	-13 182.1
SNB debt certificates	14 719.5	107 869.6	-93 150.1
Other term liabilities	366.4	-	+ 366.4
Foreign currency liabilities	551.6	1 068.7	- 517.1
Counterpart of special drawing rights allocated by the IMF	4 734.6	4 736.5	- 1.9
Other liabilities	2 465.6	2 260.2	+ 205.4
Provisions for operating risks and other provisions	7.3	3.5	+ 3.8
Provisions for currency reserves	45 061.3	44 337.1	+ 724.2
Capital	25.0	25.0	-
Distribution reserve	-5 000.0	19 032.8	-24 032.8
Profit reserve from stabilisation fund	1 636.1	-	+1 636.1
Consolidated result	13 469.1	-19 170.8	+32 639.9
Foreign currency translation differences	- 121.6	- 184.2	+ 62.6
<b>Total liabilities</b>	<b>350 344.3</b>	<b>273 574.6</b>	<b>+76 769.7</b>

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## Notes to the consolidated financial statements

### Item no. 4: Net result from stabilisation fund investments and net result from stabilisation fund loss protection arrangements

In CHF millions	2011	2010	Change
Net result from stabilisation fund investments	1 228.8	3 167.8	-1 939.0
Interest expenses on SNB loan <sup>1</sup>	- 254.5	- 476.9	+ 222.4
Additional income and expense components <sup>2</sup>	- 36.5	- 56.0	+ 19.5
<b>Stabilisation fund result</b>	<b>937.8</b>	<b>2 634.9</b>	<b>-1 697.1</b>
Net result from GP and LP purchase options <sup>3</sup>	- 497.7	- 516.3	+ 18.6
Net result from warrant	-	- 482.3	+ 482.3
<b>Net result from loss protection arrangements</b>	<b>- 497.7</b>	<b>- 998.6</b>	<b>+ 500.9</b>
<b>Impact of stabilisation fund on consolidated result</b>	<b>440.2</b>	<b>1 636.2</b>	<b>-1 196.0</b>

<sup>1</sup> In the consolidated financial statements, interest income from the SNB perspective and interest expenses from the stabilisation fund perspective offset one another.

<sup>2</sup> Operating expenses (general overheads); income from participations; net result, other.

<sup>3</sup> From UBS's right to stabilisation fund equity. This right can only be exercised by UBS once the SNB loan has been fully repaid. If stabilisation fund equity grows, UBS's right to stabilisation fund equity also increases.

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 fund's net asset value (i.e. equity) in excess of this amount. The other half would accrue to UBS. The SNB would benefit to the amount of USD 2,083 million and UBS to the amount of USD 1,083 million from the fund's net asset value as at the balance sheet date.