

Communications

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Zurich, 31 July 2012

Interim results of the Swiss National Bank as at 30 June 2012

The Swiss National Bank (SNB) is reporting a consolidated profit of CHF 6.5 billion for the first half of 2012.

The net result from the SNB's foreign currency positions amounted to CHF 5.1 billion for the first half of the year. A valuation gain of CHF 1.3 billion was recorded on the gold holdings, and a net gain of CHF 46 million was achieved on Swiss franc positions.

The SNB result depends largely on developments in the gold, foreign exchange and capital markets. Consequently, strong fluctuations are normal, and only provisional conclusions are possible as regards the annual result.

Net gain on foreign currency positions

The net result on foreign currency positions amounts to CHF 5.1 billion for the first half of 2012. The positive result was mainly due to interest and dividend income as well as price increases and capital gains of about CHF 5.5 billion overall. Exchange rate-related losses in the first half of the year came to CHF 0.3 billion.

Valuation gain on gold holdings

A valuation gain of CHF 1.3 billion was achieved on the unchanged gold holdings. As at the end of June 2012, gold traded at CHF 48,687 per kilogram.

Net gain on Swiss franc positions

At CHF 74 million, interest income and price gains recorded on Swiss franc securities clearly exceeded the expenses of roughly CHF 25 million for repo transactions and for debt certificates (SNB Bills).

Increase in balance sheet total

Since the beginning of the year, the SNB's balance sheet has increased by CHF 89 billion to CHF 439 billion. Foreign currency investments alone advanced by CHF 108 billion. A large part of this increase is due to foreign currency purchases made during the second quarter to enforce the minimum exchange rate against the euro.

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Stabilisation fund continues to be positive

In the first half of 2012, the SNB loan to the stabilisation fund was further reduced, from CHF 7.6 billion to CHF 6.4 billion, and the overall risk for the SNB decreased from CHF 8.5 billion to CHF 6.7 billion.

The stabilisation fund registered a half-yearly profit of USD 189 million, representing a contribution of CHF 73 million to the consolidated result.

Interim result and allocation to provisions

As at end-June 2012, the SNB recorded a consolidated profit of CHF 6.5 billion before allocation to the provisions for currency reserves (Q1–Q2 2011: CHF 10.8 billion loss).

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 is determined towards the end of the year.

Consolidated income statement, 1 January – 30 June 2012¹

In CHF millions	Item no. in Notes	Q1-Q2 2012	Q1-Q2 2011	Change
Net result from gold	1	1 262.7	-1 550.0	+2 812.7
Net result from foreign currency positions	2	5 094.1	-9 852.2	+14 946.3
Net result from Swiss franc positions	3	45.8	- 122.9	+ 168.7
Net result from stabilisation fund investments		288.7	1 366.8	-1 078.1
Net result from stabilisation fund loss				
protection arrangements	4	- 102.3	- 512.1	+ 409.8
Income from participations		9.0	1.7	+ 0,7
Net result, other		1.4	2.0	- 0.6
Gross income		6 599.4	-10 666.7	+17 266.1
Banknote expenses		- 11.5	- 9.0	- 2.5
Personnel expenses		- 65.0	- 61.9	- 3.1
General overheads		- 49.7	- 46.5	- 3.2
Depreciation on tangible assets		- 16.4	- 18.8	+ 2.4
Interim result		6 456.7	-10 803.0	+17 259.7

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

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Consolidated income statement for the second quarter of 2012¹

	Q2 2012	Q2 2011	Change
In CHF millions			
Net result from gold	502.3	-1 561.4	+2 063.7
Net result from foreign currency positions	7 689.2	-11 452.8	+19 142.0
Net result from Swiss franc positions	31.7	- 17.2	+ 48.9
Net result from stabilisation fund investments	90.1	643.2	- 553.1
Net result from stabilisation fund loss protection arrangements	- 72.0	- 212.2	+ 140.2
Income from participations	9.0	1.7	+ 7.3
Net result, other	0.7	1.0	- 0.3
Gross income	8 251.1	-12 597.7	+20 848.8
Banknote expenses	- 5.8	- 4.7	- 1.1
Personnel expenses	- 31.3	- 30.5	- 0.8
General overheads	- 24.1	- 23.5	- 0.6
Depreciation on tangible assets	- 8.1	- 8.7	+ 0.6
Interim result	8 181.8	-12 665.1	+20 846.9

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Consolidated balance sheet as at 30 June 2012¹

Assets	30.06.2012	31.12.2011	Change
In CHF millions			
Gold holdings	50 633.9	48 662.5	+1 971.4
Claims from gold transactions	4.0	717.5	- 713.5
Foreign currency investments ²	365 055.7	257 504.2	+107 551.5
Reserve position in the IMF	3 193.0	3 134.5	+ 58.5
International payment instruments	4 586.0	4 621.2	- 35.2
Monetary assistance loans	295.1	301.4	- 6.3
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	3 713.4	3 675.1	+ 38.3
Stabilisation fund investments	10 037.5	11 051.1	-1 013.6
Banknote stocks	124.5	129.8	- 5.3
Tangible assets	317.9	325.4	- 7.5
Participations	147.0	147.0	-
Other assets	1 245.0	1 236.2	+ 8.8
Total assets	439 353.1	350 344.3	+89 008.8

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

² Contains foreign exchange swaps against Swiss francs (in particular against USD and EUR) of around CHF 26 billion as at end of 2011. No such foreign exchange swaps were outstanding any longer as at 30 June 2012.

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Liabilities	30.06.2012	31.12.2011	Change
In CHF millions			
Banknotes in circulation	54 733.6	55 728.9	- 995.3
Sight deposits of domestic banks	242 629.4	180 720.7	+61 908.7
Liabilities towards the Confederation	13 122.0	5 647.5	+7 474.5
Sight deposits of foreign banks and institutions	6 659.3	1 884.5	+4 774.8
Other sight liabilities ¹	53 722.9	28 447.7	+25 275.2
SNB debt certificates	515.0	14 719.5	-14 204.5
Other term liabilities	-	366.4	- 366.4
Foreign currency liabilities	5.3	551.6	- 546.3
Counterpart of SDRs allocated by the IMF	4 745.4	4 734.6	+ 10.8
Other liabilities	2 648.2	2 465.6	+ 182.6
Provisions for operating risks and other provisions	6.4	7.3	- 0.9
Provisions for currency reserves ²	48 215.6	45 061.3	+3 154.3
Capital	25.0	25.0	-
Distribution reserve ³	3 873.2	-5 000.0	+8 873.2
Profit reserve from stabilisation fund ⁴	2 076.3	1 636.1	+ 440.2
Consolidated result 2011		13 469.1	-13 469.1
Interim result	6 456.7		+6 456.7
Foreign currency translation differences	- 81.2	- 121.6	+ 40.4
Total liabilities	439 353.1	350 344.3	+89 008.8

¹ Includes non-bank sight deposit accounts.

² In line with art. 30 para. 2 NBA, the provisions for currency reserves are increased by means of an annual allocation. The sum to be allocated is determined at the end of the year. The allocation is made after the subsequent General Meeting of Shareholders, as part of the profit appropriation. The increase of CHF 3.2 billion represents the allocation for the 2011 financial year.

³ 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 distributable annual result of the SNB (individual financial result after allocation to provisions for currency reserves) and the actual distribution to shareholders and to the Confederation and cantons. This takes place after the General Meeting. The distribution reserve can be negative.

⁴ The SNB's share in stabilisation fund profits will only be distributed to the SNB once the fund has been fully wound up, or if the fund is sold. Until such time, the share in the previous years' profits is recorded under profit reserve from stabilisation fund. Cf. also item no. 4.

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Valuation rates

	Year under review			Previous year		
	30.06.2012	31.12.2011	Change	30.06.2011	31.12.2010	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 EUR	1.2022	1.2172	- 1.2	1.2196	1.2494	- 2.4
1 USD	0.9494	0.9378	+ 1.2	0.8429	0.9327	- 9.6
100 JPY	1.1935	1.2149	- 1.8	1.0458	1.1479	- 8.9
1 CAD	0.9312	0.9198	+ 1.2	0.8730	0.9348	- 6.6
1 GBP	1.4890	1.4581	+ 2.1	1.3490	1.4529	- 7.2
1 kilogram of gold	48 686.56	47 472.70	+ 2.6	40 798.84	42 289.16	- 3.5

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1-Q2 2012	Q1-Q2 2011	Change
In CHF millions			
Net result from changes in market value	1 262.5	-1 550.1	+2 812.6
Interest income from gold lending transactions	0.2	0.1	+ 0.1
Total	1 262.7	-1 550.0	+2 812.7

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Item no. 2: Net result from foreign currency positions

Breakdown by origin	Q1-Q2 2012	Q1-Q2 2011	Change
In CHF millions			
Foreign currency investments	5 018.7	-8 858.5	+13 877.2
Reserve position in the IMF	15.1	- 151.9	+ 167.0
International payment instruments	- 1.2	4.9	- 6.1
Monetary assistance loans	1.7	- 21.6	+ 23.3
SNB debt certificates	-	-	-
Foreign currency liabilities	- 1.0	- 13.1	+ 12.1
Other foreign currency positions	60.7	- 812.1	+ 872.8
Total	5 094.1	-9 852.2	+14 946.3

Breakdown by type	Q1-Q2 2012	Q1-Q2 2011	Change
In CHF millions			
Interest income	2 686.6	2 622.8	+ 63.8
Price gain/loss on interest-bearing paper and instruments	1 227.8	-1 423.8	+2 651.6
Interest expenses	- 4.1	- 23.7	+ 19.6
Dividend income	428.1	347.5	+ 80.6
Price gain/loss on equity securities and instruments	1 109.4	333.7	+ 775.7
Exchange rate gain/loss	- 349.2	-11 705.1	+11 355.9
Asset management, safe custody account and other fees	- 4.4	- 3.6	- 0.8
Total	5 094.1	-9 852.2	+14 946.3

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Item no. 3: Net result from Swiss franc positions

Breakdown by origin	Q1-Q2 2012	Q1-Q2 2011	Change
In CHF millions			
Swiss franc securities	73.5	40.3	+ 33.2
Liquidity-providing Swiss franc repo transactions	- 14.4	0.0	- 14.4
Liquidity-absorbing Swiss franc repo transactions	0.0	- 10.6	+ 10.6
Other assets	0.0	0.0	- 0.0
Liabilities towards the Confederation	-	- 2.3	+ 2.3
SNB debt certificates	- 10.5	- 146.9	+ 136.4
Other sight liabilities	- 2.7	- 3.5	+ 0.8
Total	45.8	- 122.9	+ 168.7

Breakdown by type	Q1-Q2 2012	Q1-Q2 2011	Change
In CHF millions			
Interest income	42.8	45.0	- 2.2
Price gain/loss on interest-bearing paper and instruments	33.1	- 0.5	+ 33.6
Interest expenses	- 27.7	- 126.7	+ 99.0
Trading, safe custody account and other fees	- 2.4	- 40.7	+ 38.3
Total	45.8	- 122.9	+ 168.7

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 the 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 half of 2012, an amount of CHF 102 million would accrue to UBS. This is recorded as a negative entry under net result from loss protection arrangements. Further information is available in the *Annual Report* on pages 185 and 192.