

## Communications

P.O. Box, CH-8022 Zurich  
Telephone +41 44 631 31 11  
communications@snb.ch

Zurich, 3 March 2011

## Annual result of the Swiss National Bank for 2010

**The Swiss National Bank (SNB) is reporting a consolidated loss of CHF 19,170.8 million for 2010, following a profit of CHF 9,955.0 million in the previous year. The annual result was overwhelmingly dominated, once again, by currency movements, not least the substantial appreciation of the Swiss franc towards the end of 2010.**

The parent company result, which was announced in mid-January, and upon which profit distribution is based, is CHF –20,807.1 million. This is CHF 1,636.2 million lower than the consolidated result. The difference is due to the consolidation of the stabilisation fund companies.

For the financial year just ended, the SNB has set the allocation to the provisions for currency reserves at a level of CHF 724.2 million. The profit distribution to the Confederation and cantons, as in previous years, amounts to CHF 2,500 million. The dividend to shareholders remains unchanged at CHF 1.5 million, subject to the approval of the General Meeting of Shareholders.

## Gold price rise and exchange rate losses

The sharp rise in the gold price resulted in significant valuation gains of CHF 5,827 million. Gold holdings remained unchanged at 1,040 tonnes. The sharp appreciation of the Swiss franc, particularly against the euro, US dollar and pound sterling, led to exchange rate losses of CHF 32.7 billion at the parent company. Interest earnings on foreign currency positions amounted to CHF 5.1 billion. Equity-type securities benefited from a favourable stock market environment and gained CHF 1.5 billion in value. The final net result for the parent company from foreign currency positions in 2010, including other income statement components (including interest expenses), amounted to CHF –26.5 billion (2009: CHF 2.6 billion).

Investments in Swiss francs yielded an income of CHF 71 million (2009: CHF 281 million). Interest-bearing assets in Swiss francs declined significantly, since the SNB conducted hardly any liquidity-providing repo auctions after June 2010. By contrast, interest-bearing liabilities in Swiss francs increased, due to debt certificates issued by the SNB and liquidity-absorbing repo transactions.

3 March 2011

2

## Stabilisation fund

The stabilisation fund continued to pursue its liquidation strategy. In the year under review, the SNB loan fell from almost CHF 21 billion to less than CHF 12 billion. During the same period, the additional contingent liabilities declined from CHF 3.9 billion to CHF 2.0 billion. Should financing needs arise, the contingent liabilities would trigger lines of credit with the SNB if the financing needs cannot be covered by the funds available in the stabilisation fund.

For 2010, the stabilisation fund recorded a profit of CHF 2.6 billion, or USD 2.5 billion. Its equity now amounts to CHF 2.0 billion, or USD 2.1 billion, following over-indebtedness of CHF 482 million, or USD 418 million, at the end of 2009. The equity is available as primary loss protection to cover possible future losses.

## Consolidated financial statements

The inclusion of the stabilisation fund accounts in the consolidated financial statements improved the consolidated result by CHF 1,636.2 million compared to the parent company result. Detailed information is provided in item no. 4.

## Distribution to the Confederation and the cantons

The allocation of CHF 724 million (2009: CHF 3,055 million) to the provisions for currency reserves, the distribution to the Confederation and the cantons, and the payment of CHF 1.5 million in annual dividends will lead to a distribution reserve of minus CHF 5 billion.

The fact that the value of the distribution reserve has become negative necessitates a review of the distribution agreement, which will be carried out by the SNB and the Federal Department of Finance over the course of this year.

The comprehensive financial report will be published on 7 April 2011 as part of the SNB *Annual Report*.

3 March 2011

3

## Parent company income statement for 2010

In CHF millions	Item no. in Notes	2010	2009	Change
Net result from gold	1	5 836.3	7 338.1	-1 501.8
Net result from foreign currency positions	2	-26 492.5	2 573.1	-29 065.6
Net result from Swiss franc positions	3	70.9	281.3	- 210.4
Net result, other		28.2	23.3	+ 4.9
<b>Gross income</b>		<b>-20 557.1</b>	<b>10 215.8</b>	<b>-30 772.9</b>
Banknote expenses		- 21.4	- 40.7	+ 19.3
Personnel expenses		- 116.4	- 117.0	+ 0.6
General overheads		- 73.6	- 67.3	- 6.3
Depreciation on tangible assets		- 38.7	- 35.8	- 2.9
<b>Annual result</b>		<b>-20 807.1</b>	<b>9 955.0</b>	<b>-30 762.1</b>
Allocation to provisions for currency reserves <sup>1</sup>		- 724.2	-3 054.9	+2 330.7

<sup>1</sup> In accordance with the resolution of 14 January 2011.

3 March 2011

4

## Parent company balance sheet as at 31 December 2010

In CHF millions	31.12.2010	31.12.2009	Change
Gold holdings	43 349.0	34 757.9	+8 591.1
Claims from gold transactions	638.9	3 427.7	-2 788.8
Foreign currency investments	203 809.6	94 680.2	+109 129.4
Reserve position in the IMF	1 067.7	1 230.8	- 163.1
International payment instruments	4 670.3	5 555.9	- 885.6
Monetary assistance loans	300.4	348.9	- 48.5
Balances from swap transactions against Swiss francs	-	2 671.6	-2 671.6
Claims from Swiss franc repo transactions	-	36 207.9	-36 207.9
Claims against domestic correspondents	-	9.8	- 9.8
Swiss franc securities	3 497.4	6 542.7	-3 045.3
Loan to stabilisation fund	11 786.1	20 994.1	-9 208.0
Banknote stocks	110.9	107.2	+ 3.7
Tangible assets	356.3	365.2	- 8.9
Participations	146.3	147.8	- 1.5
Other assets	222.0	216.1	+ 5.9
<b>Total assets</b>	<b>269 954.9</b>	<b>207 263.8</b>	<b>+62 691.1</b>

3 March 2011

5

In CHF millions	31.12.2010	31.12.2009	Change
Banknotes in circulation	51 498.0	49 966.2	+1 531.8
Sight deposits of domestic banks	37 950.7	44 992.9	-7 042.2
Liabilities towards the Confederation	5 347.2	6 182.7	- 835.5
Sight deposits of foreign banks and institutions	3 779.4	2 640.6	+1 138.8
Other sight liabilities	1 839.2	3 286.0	-1 446.8
Liabilities from Swiss franc repo transactions	13 182.1	-	+13 182.1
SNB debt certificates	107 869.6	27 473.1	+80 396.5
Foreign currency liabilities	1 068.7	1 450.1	- 381.4
Counterpart of special drawing rights allocated by the IMF	4 736.5	5 311.8	- 575.3
Other liabilities	92.0	58.5	+ 33.5
Provisions for operating risks	3.5	5.5	- 2.0
Provisions for currency reserves <sup>1</sup>	44 337.1	41 282.2	+3 054.9
Share capital	25.0	25.0	-
Distribution reserve <sup>1</sup>	19 032.8	14 634.2	+4 398.6
Annual result <sup>2</sup>	-20 807.1	9 955.0	-30 762.1
<b>Total liabilities</b>	<b>269 954.9</b>	<b>207 263.8</b>	<b>+62 691.1</b>

<sup>1</sup> The provisions for currency reserves form part of the profit appropriation, which is performed after the General Meeting. The offsetting operation against the distribution reserve is being carried out in accordance with the provisions of the profit distribution agreement.

<sup>2</sup> Before appropriation of profit.

3 March 2011

6

## Valuation rates

	Year under review			Previous year		
	31.12.2010	31.12.2009	Change	30.12.2009	31.12.2008	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	0.9327	1.0336	- 9.8	1.0336	1.0658	- 3.0
1 EUR	1.2494	1.4853	- 15.9	1.4853	1.4895	- 0.3
100 JPY	1.1479	1.1142	+ 3.0	1.1142	1.1734	- 5.0
1 GBP	1.4529	1.6723	- 13.1	1.6723	1.5595	+ 7.2
1 kilogram of gold	42 289.16	36 687.03	+ 15.3	36 687.03	29 640.32	+ 23.8

## Notes to the parent company annual financial statements

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

Breakdown by type	2010	2009	Change
In CHF millions			
Net result from changes in market value	5 826.8	7 329.4	-1 502.6
Interest income from gold lending transactions	9.5	8.8	+ 0.7
<b>Total</b>	<b>5 836.3</b>	<b>7 338.1</b>	<b>-1 501.8</b>

3 March 2011

7

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

<b>Breakdown by origin</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
In CHF millions			
Foreign currency investments	-24 927.1	2 332.9	-27 260.0
Reserve position in IMF	- 126.4	- 29.1	- 97.3
International payment instruments	- 1.1	- 0.7	- 0.4
Monetary assistance loans	- 36.0	- 0.5	- 35.5
SNB debt certificates	- 502.2	1 969.5	-2 471.7
Foreign currency liabilities	- 52.1	107.5	- 159.6
Other foreign currency positions <sup>1</sup>	- 847.5	-1 806.5	+ 959.0
<b>Total</b>	<b>-26 492.5</b>	<b>2 573.1</b>	<b>-29 065.6</b>

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

<b>Breakdown by type</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
In CHF millions			
Interest income <sup>1</sup>	5 107.4	3 262.9	+1 844.5
Price gain/loss on interest-bearing paper and instruments	- 692.1	- 96.5	- 595.6
Interest expenses	- 60.6	- 122.3	+ 61.7
Dividend income	320.6	189.4	+ 131.2
Price gain/loss on equity securities and instruments	1 542.1	1 163.1	+ 379.0
Exchange rate gain/loss	-32 699.6	-1 807.7	-30 891.9
Asset management, safe custody account and other fees	- 10.3	- 15.9	+ 5.6
<b>Total</b>	<b>-26 492.5</b>	<b>2 573.1</b>	<b>-29 065.6</b>

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

3 March 2011

8

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

<b>Breakdown by origin</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
In CHF millions			
Swiss franc securities	239.7	272.2	- 32.5
Liquidity-providing Swiss franc repo transactions	3.4	35.2	- 31.8
Liquidity-absorbing Swiss franc repo transactions	- 14.1	-	- 14.1
Other assets	0.0	0.3	- 0.3
Liabilities towards the Confederation	- 5.3	- 7.0	+ 1.7
SNB debt certificates	- 146.3	- 12.2	- 134.1
Other sight liabilities	- 6.5	- 7.3	+ 0.8
<b>Total</b>	<b>70.9</b>	<b>281.3</b>	<b>- 210.4</b>

<b>Breakdown by type</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
In CHF millions			
Interest income	139.9	194.0	- 54.1
Price gain/loss on interest-bearing paper and instruments	110.3	119.8	- 9.5
Interest expenses	- 120.9	- 17.0	- 103.9
Trading, safe custody account and other fees	- 58.4	- 15.5	- 42.9
<b>Total</b>	<b>70.9</b>	<b>281.3</b>	<b>- 210.4</b>



3 March 2011

9

## Stabilisation fund income statement for 2010 (in US dollars)

	2010	2009	Change
Net interest income from securities and non-securitised loans	866.6	1 431.5	- 564.9
Effective interest (less impairments)	1 080.5	-1 595.8	+2 676.3
Net result from derivatives	- 141.3	110.6	- 251.9
Unrealised valuations gains/losses	1 123.8	-2 424.4	+3 548.2
Realised valuations gains/losses	110.3	521.2	- 410.9
Financing costs	- 457.6	- 586.4	+ 128.8
<b>Gross income</b>	<b>2 582.3</b>	<b>-2 543.3</b>	<b>+5 125.6</b>
Foreign tax expenses (-) and tax credits (+)	- 0.1	- 0.3	+ 0.2
Operating expenses	- 53.8	- 80.2	+ 26.4
<b>Net income</b>	<b>2 528.5</b>	<b>-2 623.8</b>	<b>+5 152.3</b>

3 March 2011

10

## Stabilisation fund balance sheet as at 31 December 2010 (in US dollars)

	31.12.2010	31.12.2009	Change
<b>Bank deposits</b>	<b>514.1</b>	<b>660.6</b>	<b>- 146.5</b>
Securities (securitised loans)	11 661.6	15 769.7	-4 108.1
Non-securitised loans	2 479.2	3 322.5	- 843.3
Real estate	39.7	15.5	+ 24.2
<b>Subtotal investments</b>	<b>14 180.5</b>	<b>19 107.7</b>	<b>-4 927.2</b>
Interest rate derivatives	45.0	26.2	+ 18.8
Credit derivatives	45.4	105.2	- 59.8
<b>Subtotal derivatives</b>	<b>90.4</b>	<b>131.4</b>	<b>- 41.0</b>
Prepayments and accrued income	54.3	49.3	+ 5.0
Other assets	129.4	31.8	+ 97.6
<b>Total assets</b>	<b>14 968.7</b>	<b>19 980.9</b>	<b>-5 012.2</b>
Interest rate derivatives	176.0	43.5	+ 132.5
Accrued expenses and deferred income	22.3	43.0	- 20.7
Other liabilities	0.7	11.2	- 10.5
SNB Loan	12 618.9	20 281.9	-7 663.0
Deferred management fee	40.5	19.3	+ 21.2
<b>Subtotal liabilities</b>	<b>12 858.5</b>	<b>20 398.9</b>	<b>-7 540.4</b>
Equity			
Paid-in equity	3 896.3	3 896.3	-
Result, carried over	-4 314.5	-1 690.6	-2 623.9
Result, current period	2 528.5	-2 623.8	+5 152.3
<b>Subtotal equity</b>	<b>2 110.3</b>	<b>- 418.0</b>	<b>+2 528.3</b>
<b>Total liabilities</b>	<b>14 968.7</b>	<b>19 980.9</b>	<b>-5 012.2</b>

3 March 2011

11

## Consolidated income statement for 2010

In CHF millions	Item no. in Notes	2010	2009	Change
Net result from gold		5 836.3	7 338.1	-1 501.8
Net result from foreign currency positions		-26 969.3	1 912.3	-28 881.6
Net result from Swiss franc positions		70.9	281.3	- 210.4
Net result from stabilisation fund investments	4	3 167.8	-2 101.8	+5 269.6
Net result from stabilisation fund loss protection arrangements	4	- 998.6	2 848.8	-3 847.4
Income from participations		18.9	12.7	+ 6.2
Net result, other		5.9	6.0	- 0.1
<b>Gross income</b>		<b>-18 868.2</b>	<b>10 297.5</b>	<b>-29 165.7</b>
Banknote expenses		- 21.4	- 40.7	+ 19.3
Personnel expenses		- 116.4	- 117.0	+ 0.6
General overheads		- 126.2	- 149.0	+ 22.8
Depreciation on tangible assets		- 38.7	- 35.8	- 2.9
<b>Consolidated result</b>		<b>-19 170.8</b>	<b>9 955.0</b>	<b>-29 125.8</b>

3 March 2011

12

## Consolidated balance sheet as at 31 December 2010

In CHF millions	31.12.2010	31.12.2009	Change
Gold holdings	43 349.0	34 757.9	+8 591.1
Claims from gold transactions	638.9	3 427.7	-2 788.8
Foreign currency investments	203 809.6	94 680.2	+109 129.4
Reserve position in the IMF	1 067.7	1 230.8	- 163.1
International payment instruments	4 670.3	5 555.9	- 885.6
Monetary assistance loans	300.4	348.9	- 48.5
Balances from swap transactions against Swiss francs	-	2 671.6	-2 671.6
Claims from Swiss franc repo transactions	-	36 207.9	-36 207.9
Claims against domestic correspondents	-	9.8	- 9.8
Swiss franc securities	3 497.4	6 542.7	-3 045.3
Stabilisation fund investments	13 961.1	20 652.0	-6 690.9
Banknote stocks	110.9	107.2	+ 3.7
Tangible assets	356.3	365.2	- 8.9
Participations	146.1	147.6	- 1.5
Other assets	1 666.9	1 432.6	+ 234.3
<b>Total assets</b>	<b>273 574.6</b>	<b>208 138.1</b>	<b>+65 436.6</b>

3 March 2011

13

In CHF millions	31.12.2010	31.12.2009	Change
Banknotes in circulation	51 498.0	49 966.2	+1 531.8
Sight deposits of domestic banks	37 950.7	44 992.9	-7 042.2
Liabilities towards the Confederation	5 347.2	6 182.7	- 835.5
Sight deposits of foreign banks and institutions	3 779.4	2 640.6	+1 138.8
Other sight liabilities	1 838.8	3 285.6	-1 446.8
Liabilities from Swiss franc repo transactions	13 182.1	-	+13 182.1
SNB debt certificates	107 869.6	27 473.1	+80 396.5
Foreign currency liabilities	1 068.7	1 450.1	- 381.4
Counterpart of special drawing rights allocated by the IMF	4 736.5	5 311.8	- 575.3
Other liabilities	2 260.2	882.9	+1 377.3
Provisions for operating risks and other provisions	3.5	5.5	- 2.0
Provisions for currency reserves	44 337.1	41 282.2	+3 054.9
Capital	25.0	25.0	-
Distribution reserve	19 032.8	14 634.2	+4 398.6
Consolidated result	-19 170.8	9 955.0	-29 125.8
Foreign currency translation differences	- 184.2	50.3	- 234.5
<b>Total liabilities</b>	<b>273 574.6</b>	<b>208 138.1</b>	<b>+65 436.6</b>

3 March 2011

14

## 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	2010	2009	Change
Net result from stabilisation fund investments	3 167.8	-2 101.8	+5 269.6
Interest expenses on SNB loan <sup>1</sup>	- 476.9	- 660.8	+ 183.9
Additional income and expense components <sup>2</sup>	- 56.0	- 86.2	+ 30.2
<b>Stabilisation fund result</b>	<b>2 634.9</b>	<b>-2 848.8</b>	<b>+5 483.7</b>
Net result from GP and LP purchase options	- 516.3 <sup>4</sup>	2 457.0 <sup>3</sup>	-2 973.3
Net result from warrant (secondary loss protection) <sup>5</sup>	- 482.3	391.8	- 874.1
<b>Net result from loss protection arrangements</b>	<b>- 998.6</b>	<b>2 848.8</b>	<b>-3 847.4</b>
<b>Impact of stabilisation fund on consolidated result</b>	<b>1 636.2</b>	<b>-</b>	<b>+1 636.2</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> As a result of the stabilisation fund's negative net asset value, the whole of the premium received on the LP purchase option was reported as income. The option premia received in 2008 and 2009 serve as primary loss protection. They were paid in to the stabilisation fund as equity.

<sup>4</sup> If UBS exercises its right to repurchase the stabilisation fund once the SNB loan has been fully repaid.

<sup>5</sup> The recognition of the warrant in the income statement was reversed in 2010.

The contractual provisions specify that UBS can repurchase the stabilisation fund after the SNB loan has been paid 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 1,555 million and UBS to the amount of USD 555 million from the fund's net asset value as at the balance sheet date.