



# 1 Income statement for the year 2002

	Notes	2002 Sfr millions	2001 Sfr millions	Change percent
Net result from gold holdings	01	1 532.1	1 267.6	+20.9
Net result from				
foreign currency investments	02	498.8	2 405.4	-79.3
reserve position in the IMF	03	-246.9	17.8	
international payment instruments	03	-33.0	-1.0	
balance of payments support	03	-27.2	8.6	
Net result from				
Swiss franc repo transactions	04	211.7	519.8	-59.3
Lombard advances	05	0.5	1.1	-54.5
claims against domestic correspondents	06	0.2	1.7	-88.2
Swiss franc securities	07	604.8	236.0	+156.3
Other income	08	34.1	29.7	+14.8
<b>Gross income</b>		<b>2 575.0</b>	<b>4 486.8</b>	<b>-42.6</b>
Interest expenses	09	-75.4	-203.7	-63.0
Banknote expenses	10	-40.4	-33.7	+19.9
Personnel expenses	11	-89.0	-83.9	+6.1
General overheads	12	-93.5	-82.9	+12.8
Depreciation on tangible assets	24	-22.3	-21.2	+5.2
<b>Net income</b>		<b>2 254.4</b>	<b>4 061.3</b>	<b>-44.5</b>
Extraordinary expenses	13	-9.1	-6.9	
Extraordinary income	14	6.1	0.0	
<b>Aggregate income</b>		<b>2 251.5</b>	<b>4 054.4</b>	<b>-44.5</b>
Allocated to/released from provisions for				
the assignment of free assets	33	-1 079.3	-357.2	
market and liquidity risks on gold	34	-398.0	-829.7	
market, credit and liquidity risks	35	1 734.5	-1 359.5	
<b>Annual profit</b>	38	<b>2 508.7</b>	<b>1 508.0</b>	<b>+66.4</b>

## 2 Balance sheet as of 31 December 2002

in Sfr millions

		2002	2001
<b>Assets</b>	<b>Notes</b>		
<b>Gold holdings</b>	15	25 405.2	28 100.1
<b>Claims from gold transactions</b>	16	3 934.4	4 882.2
<b>Foreign currency investments</b>	17	52 941.2	50 580.8
<b>Reserve position in the IMF</b>	18	2 669.8	2 665.7
<b>International payment instruments</b>	18	103.0	476.3
<b>Balance of payments support</b>	18	316.5	347.2
<b>Claims from Swiss franc repo transactions</b>	19	27 977.2	25 912.1
<b>Lombard advances</b>	20	–	9.0
<b>Claims against domestic correspondents</b>	21	29.8	73.7
<b>Swiss franc securities</b>	22	7 018.4	6 000.0
<b>Participations</b>	23	88.6	89.3
<b>Tangible assets</b>	24	533.7	534.8
<b>Sundry assets</b>	25	940.6	456.8
<b>Non paid-up share capital</b>	36	25.0	25.0
		<u>121 983.3</u>	120 153.1

		2002	2001
<b>Liabilities</b>	Notes		
<b>Banknotes in circulation</b>	26	<b>39 600.2</b>	<b>39 844.7</b>
<b>Sight deposit accounts of domestic banks</b>	27	<b>4 516.9</b>	<b>6 316.9</b>
<b>Liabilities towards the Confederation</b>			
<b>sight</b>	28	<b>388.3</b>	<b>154.1</b>
<b>time</b>	28	<b>6 704.1</b>	<b>2 251.9</b>
<b>Sight deposits of foreign banks and institutions</b>	29	<b>556.8</b>	<b>629.8</b>
<b>Other sight liabilities</b>	30	<b>159.9</b>	<b>182.7</b>
<b>Liabilities from Swiss franc</b>			
<b>repo transactions</b>	19	<b>–</b>	<b>–</b>
<b>Foreign currency liabilities</b>	31	<b>146.6</b>	<b>1 469.7</b>
<b>Sundry liabilities</b>	32	<b>190.2</b>	<b>323.4</b>
<b>Provisions for</b>			
<b>the assignment of free assets</b>	33	<b>20 296.9</b>	<b>19 217.6</b>
<b>operating risks</b>	35	<b>461.9</b>	<b>465.9</b>
<b>market and liquidity risks on gold</b>	34	<b>7 817.5</b>	<b>7 419.5</b>
<b>market, credit and liquidity risks</b>	35	<b>38 518.4</b>	<b>40 252.9</b>
<b>Share capital</b>	36	<b>50.0</b>	<b>50.0</b>
<b>Reserve fund</b>	37	<b>67.0</b>	<b>66.0</b>
<b>Annual profit</b>	38	<b>2 508.7</b>	<b>1 508.0</b>
		<b>121 983.3</b>	<b>120 153.1</b>

## 3 Notes to the accounts as of 31 December 2002

### 3.1 Explanatory notes on business activities

The Swiss National Bank, a company limited by shares with head offices in Berne and Zurich, is Switzerland's central bank and the country's sole authorised issuer of banknotes. It is empowered under the Swiss Constitution to pursue monetary and exchange rate policies that are in the country's overall interests. All the transactions which it is permitted to perform are laid down in the relevant legislation (National Bank Law). The National Bank has a commercial relationship with financial institutions in Switzerland and abroad, with federal agencies and associated enterprises, and with other central banks and international organisations.

The National Bank's obligations towards the economy as a whole take priority over the achievement of profit. The National Bank is the only Swiss institution with authority to autonomously create money. It is not obliged to pay interest on banknotes in circulation or on sight deposits. Consequently, a large part of the income on its assets remains as an earnings surplus. As administrator of Switzerland's currency reserves, however, the National Bank bears substantial market and liquidity risks, as well as credit risks, even though the assets are judiciously managed. It hedges these risks with appropriate provisions. The provisions serve in particular to safeguard the pursuit of monetary policy by allowing the National Bank to accumulate sufficient foreign currency reserves. The target figure for provisions rises in step with gross national product or, as of 2003, with gross domestic product (cf. page 105f.).

On 31 December 2002, the National Bank employed 617 persons (2001: 585), corresponding to 573.6 full-time posts (2001: 543.6). In addition to its head offices in Berne and Zurich, the National Bank has operating branches in Geneva and Lugano. It also has offices in Basel, Lausanne, Lucerne and St Gallen in order to monitor economic developments in Switzerland's regions.

### 3.2 Accounting and valuation principles

#### General principles

The principles applied to the books of account, asset valuation, balance sheet and disclosure are governed by the National Bank Law (NBL), the Swiss Federal Code of Obligations (CO) and the Swiss GAAP FER<sup>1</sup>, due account being taken of circumstances specific to the National Bank. Owing to the particular nature of its business, the National Bank does not draw up a cash flow statement or publish a mid-year statement.

#### No change from previous year

There was no change in the accounting and valuation principles compared with the previous year.

#### Recording of transactions/ balance sheet entries

All transactions are recorded on the day the transaction is concluded. However, they are only entered in the balance sheet on the value date. Transactions which were concluded in 2002 but which have a value date in the new year are stated under off-balance-sheet transactions.

<sup>1</sup> The Swiss GAAP are the Generally Accepted Accounting Principles issued by the Foundation for Accounting and Reporting Recommendations (Fachkommission für Empfehlungen zur Rechnungslegung FER).

Gold and gold claims from lending transactions, negotiable foreign currency investments and Swiss franc securities are stated at their year-end prices (including accrued interest). Changes in market value are thus reported in the income statement.

Claims and liabilities from repo transactions are stated at their nominal value including accrued repo interest. However, only the money side of the transaction is posted to the accounts. In other words, the securities transferred by the borrower to the lender are treated as if they had been pledged as security for the loan.

Derivative financial instruments used to manage foreign currency investments and gold holdings are stated at their year-end market value or fair value. The same applies to non-performed spot transactions on gold, negotiable foreign currency investments and Swiss franc securities. Positive or negative gross replacement values are posted to the income statement and balance sheet as appropriate. In the case of forward contracts and non-performed spot transactions on non-negotiable instruments, only the contract values are stated under off-balance-sheet transactions.

Participations are stated at cost less required depreciation, or at the market value in the case of non-substantive minority interests in listed companies.

Tangible assets are stated at their acquisition cost less required depreciation.

Other items are stated at their nominal value inclusive of any accrued interest.

Foreign currency items are translated at year-end rates, whereas income from these items is translated at the exchange rates applicable at the time the income was posted to the accounts.

#### Foreign currency exchange rates and gold price

	2002	2001	Change in percent
<b>Year-end rates</b>			
CHF/USD	1.3872	1.6782	-17.3
CHF/EUR	1.4525	1.4813	-1.9
CHF/JPY	1.1690	1.2774	-8.5
CHF/GBP	2.2323	2.4304	-8.2
CHF/DKK	19.5700	19.9100	-1.7
CHF/CAD	0.8800	1.0507	-16.2
CHF/XDR <sup>1</sup>	1.8884	2.1113	-10.6
Gold price in CHF/kg	15 286.48	14 978.01	+2.1
USD/oz <sup>2</sup>	342.75	277.6	+23.5

1 XDR: Special Drawing Rights

2 oz: fine ounces

### 3.3 Notes to the income statement and balance sheet

The income statement is strongly influenced by developments in the gold price, interest rates and exchange rates.

The rise in the gold price resulted in valuation gains of Sfr 736.0 million, while the depreciation of the US dollar resulted in gains of Sfr 741.3 million on the forward foreign exchange transactions which had been concluded as a means of hedging future proceeds from gold sales denominated in US dollars. Together with interest income from gold lending transactions, the net result from gold holdings came to Sfr 1,532.1 million (2001: Sfr 1,267.6 million).

Owing to another decline in interest rates on the relevant markets, which was even more pronounced than in the previous year, there were substantial capital gains on foreign currency investments. Together with interest income, the net result came to Sfr 4,675.5 million (2001: Sfr 2,903.1 million). However, as all foreign currencies depreciated against the Swiss franc, exchange rate losses of Sfr 4,176.9 million were incurred (2001: -497.7 million). The net result from foreign currency investments was Sfr 498.8 million (2001: Sfr 2,405.4 million). However, the net result from other foreign currency balances was negative. The net result from financial assets denominated in Swiss francs, which stemmed mainly from securities and repo transactions, totalled Sfr 817.2 million (2001: Sfr 758.6 million).

After taking account of other income amounting to Sfr 34.1 million (2001: Sfr 29.7 million), gross income was reduced by almost half compared with the previous year (from Sfr 4,486.8 million to Sfr 2,575.0 million).

Owing to lower interest expenses, ordinary expenses fell from Sfr 425.4 million to Sfr 320.6 million. At Sfr 2,254.4 million, net income was significantly lower than in the previous year (Sfr 4,061.3 million). After factoring in the extraordinary items, aggregate income came to Sfr 2,251.5 million (2001: Sfr 4,054.4 million).

Due to the valuation gains on gold held as free assets and to the forward foreign exchange transactions concluded in order to hedge future proceeds from gold sales denominated in US dollars, the provision for the planned assignment of the countervalue of gold holdings no longer required for monetary purposes was increased by Sfr 1,079.3 million. The valuation gains of Sfr 398.0 million were allocated to the provision for market and liquidity risks on monetary gold, i. e. the gold still held by the National Bank.

The net total after these two allocations was Sfr 774.2 million. The published annual profit of Sfr 2,508.7 million includes a sum of Sfr 1,734.5 million released from the provisions for market, credit and liquidity risks.

### Net result from gold

Item no. 01  
in the income statement

The rise in the gold price resulted in valuation gains. Owing to the depreciation of the US dollar, the forward foreign exchange transactions used to hedge the US dollar proceeds from gold sales (forward sales of US dollars) also generated profits. Lower gold lending rates and a lower average volume of outstanding transactions resulted in a decline in interest income from gold lending transactions.

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
Monetary gold	452.8	910.5	-457.7
Net result from changes in market value	398.0	829.7	-431.7
Interest income from gold lending transactions	54.8	80.8	-26.0
Gold from free assets	1 079.3	357.2	+722.1
Net result from changes in market value <sup>1</sup>	338.0	674.2	-336.2
Net result from hedging transactions	741.3	-317.0	+1 058.3
Total	1 532.1	1 267.6	+264.5

1 Including realised gains  
from gold sales

### Net result from foreign currency investments

As in the previous year, the fall in interest rates on the relevant markets resulted in capital gains. Owing to the strong Swiss franc, however, exchange rate losses were sustained in all investment currencies. These were particularly pronounced in the case of the US dollar.

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
USD	-1 114.3	1 567.6	-2 681.9
Interest and capital gain/loss	2 087.5	1 253.5	+834.0
Exchange rate gain/loss	-3 201.9	314.1	-3 516.0
EUR	1 595.9	670.7	+925.2
Interest and capital gain/loss	2 097.6	1 283.4	+814.3
Exchange rate gain/loss	-501.7	-612.6	+110.9
JPY	-3.6	-82.0	+78.4
Interest and capital gain/loss	-1.2	35.0	-36.2
Exchange rate gain/loss	-2.4	-117.0	+114.6
GBP	-19.1	144.1	-163.2
Interest and capital gain/loss	234.9	152.9	+82.0
Exchange rate gain/loss	-254.1	-8.8	-245.3
DKK	141.5	59.5	+82.0
Interest and capital gain/loss	176.5	107.7	+68.8
Exchange rate gain/loss	-35.0	-48.2	+13.2
CAD	-101.5	46.0	-147.5
Interest and capital gain/loss	80.2	71.0	+8.2
Exchange rate gain/loss	-181.8	-25.1	-156.7
Others	0.0	-0.5	+0.5
Interest and capital gain/loss	0.0	-0.4	+0.4
Exchange rate gain/loss	0.0	-0.1	+0.1
<b>Total</b>	<b>498.8</b>	<b>2 405.4</b>	<b>-1 906.6</b>
Interest and capital gain/loss	4 675.5	2 903.1	+1 772.4
Exchange rate gain/loss <sup>1</sup>	-4 176.9	-497.7	-3 679.2

1 Including exchange rate gains or losses of Sfr 77.6 million (2001: Sfr 30.6 million) on foreign currency liabilities.

**Net result from other foreign currency balances**

The sharp depreciation of Special Drawing Rights resulted in significant exchange rate losses. In addition, a decrease in holdings and in interest rates led to correspondingly lower interest income.

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
Reserve position in the IMF	-246.9	17.8	-264.7
Interest income/expense	49.5	65.2	-15.7
Exchange rate gain/loss XDR	-296.4	-47.4	-249.0
International payment instruments	-33.0	-1.0	-32.0
Interest income/expense	7.6	13.0	-5.4
Exchange rate gain/loss XDR	-40.6	-14.0	-26.6
Balance of payments support	-27.2	8.6	-35.8
Interest income/expense	7.4	14.1	-6.7
Exchange rate gain/loss EUR	-0.4	-0.6	+0.2
Exchange rate gain/loss XDR	-34.2	-4.9	-29.3

**Influence of exchange rate developments on the income statement**

The aggregate figure for exchange rate gains and losses on foreign currency investments and on other foreign currency items shows the overall influence of exchange rate developments on the income statement. The net result was a loss of Sfr 4,548.4 million (2001: Sfr -564.6 million).

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
USD	-3 201.9	314.1	-3 516.0
EUR	-502.1	-613.2	+111.1
JPY	-2.4	-117.0	+114.6
GBP	-254.1	-8.8	-245.3
DKK	-35.0	-48.2	+13.2
CAD	-181.8	-25.1	-156.7
XDR	-371.1	-66.3	-304.8
Other currencies	-0.0	-0.1	+0.1
Total	-4 548.4	-564.6	-3 983.8

Item no. 04  
in the income statement

### Net result from Swiss franc repo transactions

Averaged over the year, the volume of claims was approximately Sfr 4 billion higher than in 2001. Owing to substantially lower interest rates, however, income from repo transactions was less than half the previous year's figure (Sfr 211.7 million versus Sfr 519.8 million in 2001).

Item no. 05  
in the income statement

### Net result from Lombard advances

Owing to a slight drop in the average volume of loans and to lower interest rates, the net result from Lombard advances was lower than in the previous year (down from Sfr 1.1 million to Sfr 0.5 million).

Item no. 06  
in the income statement

### Net result from claims against domestic correspondents

The net result from claims against domestic correspondents declined by Sfr 1.5 million to Sfr 0.2 million owing to the much lower average volume of claims and to lower interest rates.

Item no. 07  
in the income statement

### Net result from Swiss franc securities

At Sfr 604.8 million, the net result from securities (interest plus realised and unrealised capital gains and losses) was significantly higher than in the previous year (Sfr 236.0 million). This rise was due mainly to the sharp fall in interest rates across all maturities and to the resulting capital gains.

Item no. 08  
in the income statement

### Other income

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	percent
Commissions from banking transactions	20.5	17.5	+17.1
Income from participations	8.0	7.3	+9.6
Income from real estate <sup>1</sup>	5.1	4.7	+8.5
Other ordinary income	0.4	0.3	+33.3
Total other income	34.1	29.7	+14.8

1 Income from real estate stems from subletting of real estate not currently required and from buildings in Zurich and Geneva, which serve as spare capacity.

The higher commissions from banking transactions can be ascribed to significantly higher earnings from securities management operations. Since these commissions were largely retroceded to the banks, this rise also has the effect of increasing the general overheads (see item no. 12 in the income statement).

### Interest expenses

Item no. 09  
in the income statement

Average liabilities towards the Confederation rose compared with the previous year. Owing to the substantially lower interest rates, however, the interest expenses for liabilities towards the Confederation decreased sharply.

The number of repo transactions concluded in foreign currencies was lower than in the previous year. This, together with the decline in interest rates, resulted in a marked decrease in interest expenses.

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
Interest expenses for liabilities towards the Confederation	59.3	160.8	-101.5
Interest expenses for depositors' balances	6.2	6.3	-0.1
Interest expenses for liabilities from Swiss franc repo transactions	0.0	1.0	-1.0
Interest expenses for liabilities from foreign currency repo transactions	10.0	35.6	-25.6
Total interest expenses	75.4	203.7	-128.3

### Banknote expenses

Item no. 10  
in the income statement

The banknote expenses correspond to the cost of producing the banknotes which entered circulation in 2002. Owing both to the higher average number of banknotes in circulation and to an increase in the proportion of banknotes withdrawn from circulation, banknote expenses rose sharply.

### Personnel expenses

Item no. 11  
in the income statement

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	percent
Wages, salaries and allowances	69.4	64.5	+7.6
Welfare benefits	14.8	15.2	-2.6
Other personnel expenses	4.7	4.2	+11.9
Total personnel expenses	89.0	83.9	+6.1

The increase in wages, salaries and allowances was due primarily to the increase in staff numbers by approximately 6% as well to pay adjustments (inflation adjustment plus individual rises). The increase in other personnel expenses can be ascribed to improved fringe benefits and higher training costs.

The National Bank's pension plans comprise two staff pension fund schemes. Under the terms of the Swiss GAAP FER, these are defined-contribution schemes financed by contributions from the employees and the National Bank in accordance with pension plan regulations.

The remuneration (salaries plus lump-sum expenses) of members of the Bank Council and the Governing Board breaks down as follows:

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	percent
40 members of the Bank Council, 10 of whom are members of the Bank Committee	0.447	0.447	–
of which for the President of the Bank Council	0.082	0.082	–
of which for the Vice-President of the Bank Council	0.041	0.041	–
3 members of the Governing Board	1.727	1.652	+4.5
of which for the Chairman of the Governing Board	0.589	0.564	+4.4
of which for the Vice-Chairman of the Governing Board	0.569	0.544	+4.6

The National Bank does not pay any performance-linked remuneration, nor does it grant any loans to governing bodies.

**Item no. 12  
in the income statement**

**General overheads**

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	percent
Direct expenses from banking operations	40.3	36.6	+10.1
Premises	10.8	10.7	+0.9
Maintenance of mobile tangible assets and software	10.2	8.1	+25.9
Other general overheads	32.2	27.5	+17.1
<b>Total general overheads</b>	<b>93.5</b>	<b>82.9</b>	<b>+12.8</b>

**Direct expenses from banking operations**

This item relates to direct costs incurred in connection with banknotes in circulation (including remuneration to agencies) plus commission and charges from the management of financial investments and gold, plus securities commissions retroceded. The latter are responsible for the increased figure stated here (see item no. 08 in the income statement).

**Premises**

This item comprises outlays on the maintenance and operation of the Bank's buildings and on rented premises.

### Maintenance of mobile tangible assets and software

The rise is due in particular to appreciably higher outlays on the maintenance of applications software. This increase reflects the substantial expansion in the range of software applications used productively in 2002.

### Other general overheads

Other general overheads comprise general administrative expenses and third-party consultancy and support expenses plus information retrieval (market information systems) and security outlays.

At Sfr 8.8 million, consultancy and support expenses were considerably higher than in the previous year (Sfr 7.3 million). Other general overheads were also increased by higher operating and investment costs incurred by the Study Center Gerzensee (up from Sfr 6.1 million in 2001 to Sfr 7.6 million) and a first-time contribution of Sfr 1.0 million to Eurex Zürich AG to meet part of the costs of the electronic trading platform. This contribution was justified by the key importance of repo transactions for the National Bank.

### Extraordinary expenses

This item includes expenses of Sfr 8.9 million for the National Bank's Expo.02 project, for which total expenses are put at Sfr 15.0 million.

Item no. 13  
in the income statement

### Extraordinary income

Extraordinary income includes Sfr 5.0 million in reserves related to a building project which were posted to the income statement some years ago but were never used. A further Sfr 1.0 million is accounted for by the write-back of depreciation on a loan to Kreuz Gerzensee AG which was repaid in the past year.

Item no. 14  
in the income statement

### Gold

In 2002 the National Bank sold 281.9 tonnes of gold at an average price of Sfr 15,524 per kilogram. The proceeds came to Sfr 4,376.0 million. In the previous year, 220.8 tonnes of gold had been sold at an average price of Sfr 14,730 per kilogram. The average prices and the proceeds do not include the net result from the hedging of the currency risk on the US dollar proceeds from gold sales.

The physical gold holdings are stored at various locations in Switzerland and abroad.

Item no. 15  
in the balance sheet

	2002		2001	
	tonnes	market value in Sfr millions	tonnes	market value in Sfr millions
Gold ingots	1 486.7	22 727.2	1 700.9	25 476.1
Gold coins	175.2	2 678.1	175.2	2 624.1
Total	1 661.9	25 405.2	1 876.1	28 100.1

### Claims from gold transactions

Transactions are effected with first-class Swiss and foreign financial institutions.

	2002		2001	
	tonnes	market value in Sfr millions	tonnes	market value in Sfr millions
Claims from gold lending transactions	254.6	3 932.5	322.2	4 879.3
Claims from unsecured gold lending	158.7	2 438.8	237.4	3 587.2
Claims from secured gold lending <sup>1</sup>	95.9	1 493.7	84.8	1 292.0
Claims on metals accounts	0.1	1.8	0.2	3.0
<b>Total</b>	<b>254.7</b>	<b>3 934.4</b>	<b>322.4</b>	<b>4 882.2</b>

1 Secured by the deposit of first-class securities with a market value of Sfr 1,717.6 million

### Foreign currency investments

Government paper is mainly denominated in the currency of the country of issue. The debtor category "monetary institutions" refers to investments at the BIS, the US Federal Reserve and other central banks, as well as to holdings of World Bank securities. Bank investments are effected with institutions enjoying very high credit ratings.

## Foreign currency investments by borrower and currency<sup>1</sup>

	2002			2001		
	millions		weighting percent	millions		weighting percent
	original currency	Sfr		original currency	Sfr	
<b>Government paper</b>		<b>41 844.4</b>	<b>79.0</b>		<b>36 825.3</b>	<b>72.8</b>
USD	9 616.8	13 340.4	25.2	8 114.3	13 617.5	26.9
EUR	15 674.9	22 767.8	43.0	11 565.4	17 131.8	33.9
JPY	0.0	0.0	0.0	54 276.5	693.3	1.4
GBP	1 338.9	2 988.8	5.6	1 120.9	2 724.1	5.4
DKK	8 983.1	1 758.0	3.3	8 624.6	1 717.1	3.4
CAD	1 124.3	989.4	1.9	896.0	941.4	1.9
<b>Monetary institutions</b>		<b>1 590.6</b>	<b>3.0</b>		<b>1 085.8</b>	<b>2.1</b>
USD	800.2	1 110.1	2.1	331.0	555.5	1.1
EUR	165.9	240.9	0.5	144.4	213.9	0.4
JPY	59.9	0.7	0.0	4 737.5	60.5	0.1
GBP	21.1	47.1	0.1	85.4	207.6	0.4
DKK	915.2	179.1	0.3	188.2	37.5	0.1
CAD	14.0	12.3	0.0	9.9	10.4	0.0
Others		0.4	0.0		0.5	0.0
<b>Banks</b>		<b>9 506.0</b>	<b>18.0</b>		<b>12 669.7</b>	<b>25.0</b>
USD	4 542.8	6 301.8	11.9	3 922.7	6 583.1	13.0
EUR	2 033.2	2 953.2	5.6	3 943.1	5 841.0	11.5
JPY	25.7	0.3	0.0	2 160.0	27.6	0.1
GBP	27.5	61.4	0.1	10.7	26.0	0.1
DKK	964.7	188.7	0.3	698.9	139.2	0.3
CAD	0.3	0.3	0.0	50.3	52.8	0.1
Others		0.3	0.0		0.1	0.0
<b>Total<sup>2</sup></b>		<b>52 941.2</b>	<b>100.0</b>		<b>50 580.8</b>	<b>100.0</b>
USD	14 959.9	20 752.4	39.2	12 368.0	20 756.1	41.0
EUR	17 873.9	25 961.9	49.0	15 652.9	23 186.6	45.8
JPY	85.5	1.0	0.0	61 174.0	781.4	1.5
GBP	1 387.5	3 097.3	5.9	1 217.0	2 957.7	5.8
DKK	10 862.5	2 125.8	4.0	9 511.7	1 893.8	3.7
CAD	1 138.6	1 002.0	1.9	956.2	1 004.6	2.0
Others		0.7	0.0		0.6	0.0

1 The breakdown by currency refers to basic investments and does not take currency hedging transactions into account.

2 Of these, non-negotiable investments account for Sfr 4,070.8 million (2001: Sfr 6,921.6 million).

## Other foreign currency balances

	2002		2001		
	millions		millions		
	original currency	Sfr	original currency	Sfr	
Reserve position in the IMF	XDR	1 413.8	2 669.8	1 262.6	2 665.7
Swiss quota in the IMF	XDR	3 458.5	6 531.1	3 458.5	7 301.8
less IMF's Swiss franc sight balances at the National Bank <sup>1</sup>	XDR	-2 044.7	-3 861.3	-2 195.9	-4 636.1
International payment instruments <sup>2</sup>	XDR	54.5	103.0	225.6	476.3
Balance of payments support			316.5		347.2
bilateral loan to Bulgaria	EUR	14.4	20.9	14.3	21.3
PRGF credit facility <sup>3</sup>	XDR	150.4	284.1	154.3	325.9
interim PRGF credit facility <sup>4</sup>	XDR	6.1	11.5	-	-

1 Balances after deduction of accrued interest amounting to XDR 3.7 million (Sfr 7.1 million) on the reserve position.

2 In addition, undertakings of XDR 345.8 million were outstanding at end-2002 (2001: XDR 175.0 million).

3 No further undertakings were outstanding at the end of 2002.

4 In addition, undertakings of XDR 243.9 million were outstanding at end-2002 (2001: XDR 250.0 million).

### Reserve position in the IMF

The reserve position corresponds to the difference between the Swiss quota in the IMF financed by the National Bank and the IMF's Swiss franc credit balance held at the National Bank. It may be likened to a currency reserve position and may be used as such by the National Bank at any time.

### International payment instruments

Special Drawing Rights (XDR) are interest-yielding sight balances with the IMF. The National Bank has undertaken towards the IMF to purchase XDR against foreign currencies up to a limit of XDR 400 million.

### Balance of payments support

The bilateral loans are medium-term loans used for internationally coordinated balance of payments assistance in which Switzerland participates by providing a tranche. At the end of 2002, only one loan (a euro-denominated credit to Bulgaria) was outstanding.

The PRGF (Poverty Reduction and Growth Facility) is a trust fund administered by the IMF which finances long-term low-interest loans to low-income developing countries.

The Confederation guarantees the interest and principal repayments both on the bilateral loans and on Switzerland's participation in the PRGF credit account.

### Swiss franc repo transactions

Repo transactions, the principal instrument of monetary policy, are used to provide the banking system with liquidity or to withdraw liquidity from the system against the repurchase of securities.

Claims from repo transactions are backed by securities from the SNB Basket (Swiss franc-denominated bonds of Swiss or foreign borrowers acceptable to the National Bank as security, and money market debt register claims of the Confederation and the cantons), from the Euro GC Basket (euro-denominated paper issued by the German Federal Government or the Republic of Austria) or from the German Jumbo Pfandbrief Basket (euro-denominated German jumbo mortgage bonds).

As an instrument for regulating the money market, the National Bank may use repos to withdraw liquidity from the market. A small number of liquidity-reducing transactions were conducted in 2002. At the end of the year, there were no outstanding liabilities from repo transactions.

Item no. 19  
in the balance sheet

### Lombard advances

Lombard loans are used by the banks to bridge unforeseeable liquidity shortfalls in the short term. At the end of 2002, a total of 146 credit lines were outstanding. This was 4 fewer than at the end of 2001.

Credit lines outstanding, collateral values and drawdowns are summarised below.

Item no. 20  
in the balance sheet

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
Credit lines outstanding at year-end	9 327.4	9 230.9	+96.5
Value of collateral at year-end <sup>1</sup>	10 194.1	9 675.2	+518.9
Yearly average of drawn advances <sup>2</sup>	16.1	20.8	-4.7
Maximum drawdown <sup>3</sup>	800.0	975.0	-175.0

- 1 Market prices less 10–35 %
- 2 Average of values on working days
- 3 Daily peak

### Claims against domestic correspondents

440 branches of 57 banks (2001: 559 branches of 62 banks) perform local cash redistribution transactions for the National Bank and cover the cash requirements of federal agencies and associated enterprises. The claims attract interest at the Lombard rate less 200 basis points.

Item no. 21  
in the balance sheet

## Swiss franc securities

These are exchange-listed bonds.

	2002		2001		Change from previous year
	Sfr millions	percent weighting	Sfr millions	percent weighting	Sfr millions
<b>Domestic borrowers</b>	<b>4 624.9</b>	<b>65.9</b>	<b>4 050.1</b>	<b>67.5</b>	<b>+574.8</b>
Confederation	1 691.0	24.1	1 259.4	21.0	+431.6
Cantons	653.2	9.3	570.3	9.5	+82.9
Municipalities	360.0	5.1	351.6	5.9	+8.4
Mortgage bond institutions	1 216.1	17.3	1 109.4	18.5	+106.7
Banks	704.6	10.0	759.4	12.7	-54.8
<b>Foreign borrowers</b>	<b>1 809.1</b>	<b>25.8</b>	<b>1 397.3</b>	<b>23.3</b>	<b>+411.8</b>
Governments	785.7	11.2	624.8	10.4	+160.9
Banks	1 023.4	14.6	772.5	12.9	+250.9
<b>International organisations</b>	<b>584.4</b>	<b>8.3</b>	<b>552.6</b>	<b>9.2</b>	<b>+31.8</b>
<b>Total market value</b>	<b>7 018.4</b>	<b>100.0</b>	<b>6 000.0</b>	<b>100.0</b>	<b>+1 018.4</b>
Total nominal value	6 337.4		5 724.6		

## Participations (not consolidated) in Sfr millions

	Value as of 31/12/2001	Invest- ments	Divest- ments	Changes in market value	Value as of 31/12/2002
Orell Füssli	27.0	-	-	-	27.0
BIS	60.9	-	-	-	60.9
Others	1.4	-	-0.7	-0.0	0.6
<b>Total</b>	<b>89.3</b>	<b>-</b>	<b>-0.7</b>	<b>-0.0</b>	<b>88.6</b>

The National Bank holds 33.34% of the share capital of Orell Füssli Holding Ltd, Zurich, whose subsidiary Orell Füssli Security Documents Ltd prints the SNB's banknotes. The nominal value of this company's share was reduced again by Sfr 30 (1999-2001: Sfr 20) per registered share. The sum of Sfr 20 million which accrued to the National Bank from this transaction was credited to income from participations. This higher distribution was a major reason for the increased income from participations.

The 3.1% interest in the Bank for International Settlements (BIS) is held for reasons of collaboration on monetary policy.

Other participations include stakes held in Telekurs Holding Ltd, Zurich, in Sihl (a paper mill), Zurich, in SWIFT Society for Worldwide Interbank Financial Telecommunications S.G., La Hulpe (Belgium), and in Kreuz Gerzensee AG, the successor to two companies which had been established in connection with the foundation of the Study Center Gerzensee. This company disposed of fixed assets in 2002 and subsequently reduced its share capital through a reduction in the nominal value of its shares. In the National Bank's accounts, this repayment of equity was deducted from the book value of the participation.

## Tangible assets

Tangible assets are capitalised at their historical cost and written down on a straight-line basis over their estimated useful life. Low-value acquisitions of less than Sfr 1000 are charged directly to general overheads.

The stocks of new banknotes which have not yet been put into circulation are stated at cost. These costs are charged to the income statement in line with the notes' entry into circulation.

The additions to and reclassification of real estate and the specific conversion work are mostly related to conversion work at the Zurich headquarters.

"Sundry tangible assets" mainly comprises machinery, equipment, furnishings, computer hardware and vehicles. Computer software was previously carried under this heading but is now stated separately in the schedule of assets. As it is the only intangible asset that has been capitalised, there is no separate entry under an "intangible assets" heading in the balance sheet.

### Schedule of assets in Sfr millions

	Bank-note stocks	Real estate <sup>1</sup>	Specific conversion work	Fixed assets under construction	Software <sup>2</sup>	Sundry tangible assets <sup>3</sup>	Total
<b>Period of depreciation</b>	as per usage	100 years	10 years	no depreciation	3 years	3–12 years	
<b>Historical cost</b>							
Gross values as of beginning of 2002	152.1	324.3	34.3	4.5	20.2	68.4	603.8
Additions	37.8	0.4	5.2	–	9.5	9.4	62.3
Disposals	–40.0	–	–0.0	–	–7.7	–2.7	–50.4
Reclassified		1.4	2.9	–4.5	0.1	0.1	
Gross values as of end of 2002	149.9	326.1	42.4	–	22.1	75.2	615.8
<b>Cumulative depreciation<sup>4</sup></b>							
Valuation adjustments as of beginning of 2002		12.3	4.0		7.4	45.3	68.9
Additions		3.2	3.7		6.5	8.9	22.3
Disposals		–	–0.0		–7.7	–1.7	–9.4
Reclassified		–	–0.0		–	0.0	
Valuation adjustments as of end of 2002		15.6	7.7		6.2	52.5	82.1
<b>Net book values</b>							
Net book values as of beginning of 2002	152.1	312.0	30.3	4.5	12.9	23.1	534.8
Net book values as of end of 2002	149.9	310.5	34.7	–	15.9	22.6	533.7

1 The insured value of the real estate at end-2001 was Sfr 337.8 million (end-2001: Sfr 337.8 million).

2 Stated together with sundry tangible assets up to 2001.

3 The insured value of sundry tangible assets at end-2002 was Sfr 73.5 million (end-2001: Sfr 68.1 million).

4 The depreciation on real estate and the specific conversion work is cumulative as of 1996 (when the accounting and valuation principles were amended) and that on other tangible assets as of the date on which their use commenced.

**Item no. 25  
in the balance sheet**

## Sundry assets

1 Coins comprise the commemorative coins and medallions acquired by Swissmint which are placed in circulation by the National Bank.

2 Positive gross replacement values correspond to unrealised gains on derivative financial instruments and outstanding spot transactions. By far the greater part of this item is derived from foreign currency forward transactions concluded to hedge currency risks (cf. p. 108).

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
Coins (including medallions) <sup>1</sup>	337.4	351.6	-14.2
Foreign notes	0.3	0.1	+0.2
Postal giro accounts	0.0	0.0	-
Other accounts receivable	6.6	14.0	-7.4
Prepayments and accrued income	3.0	2.4	+0.6
Cheques and bills of exchange (collection business)	0.4	2.7	-2.3
Positive gross replacement values <sup>2</sup>	592.8	86.1	+506.7
Total	940.6	456.8	+483.8

**Item no. 26  
in the balance sheet**

### Banknotes in circulation

This comprises all banknotes held by the general public and the banks. Of the banknotes originating from the sixth issue, which were recalled in May 2000 and are exchangeable at the National Bank until 30 April 2020, notes to the value of Sfr 2.3 billion were still outstanding at the end of the year (2001: Sfr 2.8 billion).

**Item no. 27  
in the balance sheet**

### Sight deposit accounts of domestic banks

The 292 sight deposit accounts (2001: 298) of the 274 banks (2001: 277) do not bear interest. They form the basis on which the National Bank exercises control over monetary policy, and facilitate cashless payments within Switzerland. They are also a component of the liquidity which the banks are legally required to hold.

**Item no. 28  
in the balance sheet**

### Liabilities towards the Confederation

The sight deposits of the Confederation facilitate the domestic and international payments transactions of the federal agencies and associated enterprises. These deposits (up to a maximum of Sfr 600 million) bear interest at the Lombard rate less 200 basis points.

Interest at the market rate is paid on the time deposits of the Confederation. At year-end, the time deposits totalled Sfr 6,704.1 million (2001: 2,251.9 million).

### Sight deposits of foreign banks and institutions

The 221 (2001: 218) deposits of the 88 banks (2001: 82) and of the 133 monetary and other institutions (2001: 136) are denominated in Swiss francs and do not bear interest.

Item no. 29  
in the balance sheet

### Other sight liabilities

These comprise accounts of active and retired employees, liabilities towards pension funds amounting to Sfr 16.6 million (2001: Sfr 19.6 million) and liabilities towards a few non-banks.

Item no. 30  
in the balance sheet

### Foreign currency liabilities

This item consists of liabilities from repo transactions in connection with the management of foreign currency investments (Sfr 146.1 million, compared with Sfr 1,469.1 million in 2001) plus sight liabilities towards the Confederation denominated in foreign currencies.

Item no. 31  
in the balance sheet

### Sundry liabilities

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
Other liabilities	6.1	12.1	-6.0
Accrued liabilities and deferred income	5.6	3.1	+2.5
Negative gross replacement values <sup>1</sup>	178.4	308.1	-129.7
Total	190.2	323.4	-133.2

Item no. 32  
in the balance sheet

1 Negative gross replacement values correspond to unrealised losses on derivative financial instruments and outstanding spot transactions. By far the greater part of this item is derived from foreign currency forward transactions concluded to hedge currency risks (cf. p. 108).

### Provision for the assignment of free assets

	2002	2001
	Sfr millions	Sfr millions
Position on 1 January	19 217.6	18 860.4
Allocated to/released from provisions	1 079.3	357.2
of which gain/loss from valuation of gold from free assets	338.0	674.2
of which gain/loss from hedging transactions for gold from free assets	741.3	-317.0
Position on 31 December	20 296.9	19 217.6

Item no. 33 in the balance sheet and income statement

This provision reflects the fact that 1300 tonnes of gold are no longer required for monetary purposes and that, within the foreseeable future, the National Bank will release the proceeds from the sale of this gold for other public uses.

The size of the provision is commensurate with the market value of the as yet unsold portion of the 1300 tonnes of gold, the proceeds from gold sales to date and the net result from transactions to hedge the currency risk on the US dollar proceeds from gold sales.

	tonnes	2002 Sfr millions
Market value of the as yet unsold portion of gold from the free assets	626.5	9 571.1
Cumulative proceeds from gold sales	673.5	10 218.8
Cumulative net result from hedging transactions		507.1
Provision for the assignment of free assets		20 296.9

Item no. 34 in the balance sheet and income statement

#### Provision for market and liquidity risks on gold

	2002 Sfr millions	2001 Sfr millions
Position on 1 January	7 419.5	6 589.9
Allocated to provisions for valuation gain on gold holdings in the currency reserves	398.0	829.7
Position on 31 December	7 817.5	7 419.5

This provision takes account of the market and liquidity risks associated with monetary gold, i. e. the approximately 1290 tonnes of gold required for the purposes of monetary policy. Fluctuations in the market value of the monetary gold are allocated to this provision item. Under the new profit distribution agreement with the Federal Department of Finance (cf. page 105f.), the provision for market and liquidity risks on gold will be integrated into the provision for market, credit and liquidity risks with effect from 1 January 2003.

**Provisions for operating risks and provisions for market, credit and liquidity risks**

Item no. 35 in the balance sheet and income statement

	2002 Sfr millions	2001 Sfr millions
<b>Provisions for operating risks</b>		
Position on 1 January	465.9	467.1
Change	-4.0	-1.1
Allocated to provisions	-	3.0
Released from provisions	-4.0	-4.1
Position on 31 December	461.9	465.9
<b>Provisions for market, credit and liquidity risks</b>		
Position on 1 January	40 252.9	38 893.4
Released from/allocated to provisions	-1 734.5	1 359.5
Position on 31 December	38 518.4	40 252.9
<b>Total (position on 31 December)</b>	<b>38 980.3</b>	<b>40 718.8</b>

Owing to the new cash distribution concept, payments for early retirements have been charged to the provision for operating risks.

Market, credit and liquidity risks consist to a large extent of exchange rate risks on foreign currency investments. The interest risks on foreign currency investments and Swiss franc securities are also significant. Credit risks are primarily risks on balances with banks and to settlement risks attached to foreign exchange transactions. The published annual profit of Sfr 2,508.7 million includes a sum of Sfr 1,734.5 million released from the provisions. Although the distributable surplus as per the profit calculation concept (cf. page 105f.) decreased, provisions still exceed the target figure.

### Share capital

The share capital of the National Bank remains unchanged. Totalling Sfr 50 million, it is divided into 100,000 registered shares of Sfr 500 each, of which 50% (Sfr 250) is paid up.

In financial year 2002, the Bank Committee authorised the transfer of 8,252 shares to new holders. As of 31 December, applications for registration were pending or outstanding for 16,611 shares.

The shares were distributed as follows:

<b>Private shareholders</b>	<b>Number of shares</b>
2 591 shareholders with a total of	27 495
of whom 1007 shareholders each with	1
of whom 1229 shareholders each with	2–10
of whom 329 shareholders each with	11–100
of whom 14 shareholders each with	101–200
of whom 12 shareholders each with	over 200
<b>Public-sector shareholders</b>	
86 shareholders with a total of	55 894
of whom 26 cantons with a total of	38 981
of whom 24 cantonal banks with a total of	14 473
of whom 36 other public authorities and institutions with a total of	2 440
<b>Total 2 677 shareholders with a total of</b>	<b>83 389</b>
Registration applications pending or outstanding for	16 611
<b>Total shares</b>	<b>100 000</b>

Of the shares registered as of the balance sheet date (approximately 83% of the total), 67% were held by cantons, cantonal banks and other public authorities and institutions, and 33% were registered in the names of private shareholders. Of the latter, 73% were held by private individuals and 27% by legal entities. 2,263 shares (without voting rights) were in foreign ownership; this is equivalent to 2.3% of the share capital.

Due to the legally stipulated maximum dividend of 6%, the price of the National Bank share usually develops along similar lines to a long-term Confederation bond with a 6% coupon. It decreased from Sfr 1090 at the beginning of 2002 to Sfr 949 at the end of the year, after having peaked at Sfr 1,220. The price payable for the shares is lower than the market price by approximately Sfr 250 (i. e. the non paid-up amount).

Despite higher trading volumes, the number of transactions diminished by 8% year-on-year while the number of pending or outstanding applications for registration declined by 12%. Compared with the previous year, the number of private shareholders decreased slightly by 66.

The following major shareholders held more than 5% of the voting rights, i. e. at least 5,000 registered shares:

	Number of shares		Percentage held	
	2002	Change from previous year	2002	Change from previous year
Canton of Berne	6 630	–	6.63%	–
Canton of Zurich	5 200	–	5.20%	–

### Reserve fund

The reserve fund was increased by Sfr 1.0 million (the legally permitted maximum) to Sfr 67.0 million by an allocation from the 2001 annual profit.

Item no. 37  
in the balance sheet

### Annual profit – calculation and distribution

The calculation of profit takes due account of the special features of the National Bank's operations. Consequently, it does not distribute its entire earnings surplus but allocates funds to provisions which cover economic risks as well as serving the customary business management purposes. The provisions are used primarily as a means of forming currency reserves. These reserves allow the National Bank to intervene on the market in the event of the Swiss franc becoming excessively weak. The currency reserves also make Switzerland's national economy less vulnerable to international crises and thereby ensure confidence in the Swiss franc. The need for currency reserves is growing in line with the size and globalisation of the Swiss economy.

Item no. 38 in the balance  
sheet and income statement

An agreement reached on 24 April 1998 between the National Bank and the Federal Department of Finance regarding the distribution of profits for the years 1998–2002 took this situation into account by confirming that provisions should continue to be increased in line with growth in nominal gross national product. The targeted percentage rise is based on the average increase over the past five years. This avoids the need for subsequent corrections and prevents large fluctuations from year to year.

The residual surplus as specified in Art. 27 para. 3 (b) of the National Bank Law is calculated after the other statutory profit distributions have been established (Art. 27 paras. 1–2 and para. 3 (a) NBL). Such a surplus exists if actual provisions exceed the target figure. The agreement with the Department of Finance states that, in order to achieve a steady flow of payments in the medium term, the distributions to the Confederation and cantons for the five financial years 1998–2002 should be fixed in advance – on the basis of an earnings forecast – at Sfr 1.5 billion per annum.

The new agreement concluded on 5 April 2002 states that a special distribution of Sfr 1 billion is payable for financial year 2002 (cf. page 49). Based on the new agreement, the National Bank will pay Sfr 2.5 billion per annum to the Confederation and cantons for each of the financial years 2003–2012. As of 2003, the targeted level of currency reserves now also takes monetary gold reserves (basis: 1,290 tonnes of gold) into account. As of 1 January 2003, therefore, the provisions for market and liquidity risks on gold are added to the target figure for provisions. Moreover, the actual provisions for market and liquidity risks on gold as at 1 January 2003 are grouped together with the actual provisions for market, credit and liquidity risks under a single balance sheet heading. As the data become available more quickly than in the past, growth in nominal gross domestic product (GDP) rather than gross national product (GNP) is now used as the basis for calculating the target figure for provisions.

## Target level of provisions for market, credit and liquidity risks and for operating risks, and calculation of the residual surplus and distribution

	Growth in nominal GDP <sup>1</sup>	Provisions for market, credit and liquidity risks, and for operating risks at year-end		Residual surplus prior to distribution	Distribution	Residual surplus for future distributions
	in percent (average period) <sup>2</sup>	Sfr millions		Sfr millions	Sfr millions	Sfr millions
		targeted level	actual level prior to distribution <sup>3</sup>	at end-year	in the following year	
(1)	(2)	(3)	(4) = (3) - (2)	(5)	(6) = (4) - (5)	
1999	1.9 (1993–1997)	26 132.7	39 649.3	13 516.6	1 500.0	12 016.6
2000	2.0 (1994–1998)	26 655.4	40 860.5	14 205.1	1 500.0	12 705.1
2001	2.6 (1995–1999)	27 337.8	42 218.8	14 881.0	1 500.0	13 381.0
2002	3.3 (1996–2000)	28 239.9	41 480.3 <sup>4</sup>	13 240.4	2 500.0	10 740.4
2003	2.3 (1997–2001)	36 886.7 <sup>5</sup>				

1 Until 2002: nominal GNP

2 The data are revised on a continuous basis. The growth rates shown in the table thus differ slightly from the percentages calculated on the basis of the latest available data.

3 The balance sheet items “Provisions for market, credit and liquidity risks” and “Provisions for operating risks” correspond to this figure less the distribution of Sfr 1.5 or Sfr 2.5 billion to the Confederation and the cantons.

4 Prior to integration of the provisions for market and liquidity risks on gold of Sfr 7,817.5 million

5 After addition of the provisions for market and liquidity risks on gold as at 1 January 2003 (Sfr 7,817.5 million)

### 3.4 Notes regarding off-balance-sheet business

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
<b>Outstanding undertakings</b>			
Two-way arrangement (IMF) <sup>1</sup>	652.9	369.5	+283.4
General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB) <sup>2</sup>	2 940.3	3 287.2	-346.9 <sup>3</sup>
Interim PRGF <sup>4</sup>	460.6	527.8	-67.2

	2002	2001	Change from previous year
	Sfr millions	Sfr millions	Sfr millions
<b>Other off-balance-sheet items</b>			
Additional funding obligation for registered shares of BIS <sup>5</sup>	133.1	130.5	+2.6
Documentary credits <sup>6</sup>	3.6	5.6	-2.0
Other payment obligations <sup>7</sup>	27.1	29.1	-2.0
Fiduciary investments of the Confederation	414.4	509.1	-94.7

	2002	2001	Change from previous year
	market value in Sfr millions	market value in Sfr millions	Sfr millions
<b>Assets pledged or assigned as security for own liabilities</b>			
Foreign currency investments			
USD	137.4	1 100.9	-963.5
EUR	37.3	481.2	-443.9
JPY	-	1.3	-1.3
GBP	62.6	28.1	+34.5
Swiss franc securities	4.2	9.0	-4.8
Total <sup>8</sup>	241.5	1 620.5	-1 379.0

1 National Bank undertaking to purchase Special Drawing Rights against currency up to the agreed maximum of XDR 400 million or to return the Special Drawing Rights in exchange for currency (cf. item 18 in the balance sheet)

2 Credit line totalling XDR 1,557 million (of which a maximum of XDR 1,020 million in the context of GABs) in favour

of the IMF for special cases, without a federal guarantee

3 Change due entirely to exchange rates

4 Limited-term credit undertaking to the IMF's trust fund amounting to XDR 250.0 million (cf. p. 66)

5 BIS shares are only 25% paid up; the additional funding obligation is calculated in gold francs, i. e. is closely related to the gold price. The increase is due exclusively to the rise in the gold price.

6 Chiefly in connection with development aid provided by the Confederation (covered by balances earmarked for this purpose)

7 Liabilities from long-term rental and maintenance contracts

8 Security lodged in connection with repo and futures transactions

Contract value	Gross replacement value	
	positive	negative
Sfr millions	Sfr millions	

### Outstanding derivative financial instruments

	Contract value	Gross replacement value positive	Gross replacement value negative
<b>Interest rate instruments</b>	<b>24 160.5</b>	<b>79.0</b>	<b>70.7</b>
Forward contracts <sup>1</sup>	10 531.0	6.8	1.8
Interest rate swaps	3 599.2	72.2	68.9
Futures	10 030.3	–	–
<b>Foreign exchange</b>	<b>13 850.0</b>	<b>512.9</b>	<b>100.5</b>
Forward contracts <sup>1</sup>	13 850.0	512.9	100.5
<b>Precious metals</b>	<b>1 381.3</b>	<b>0.9</b>	<b>7.2</b>
Forward contracts <sup>2</sup>	357.6	0.9	–
Options (OTC) <sup>3</sup>	1 023.7	–	7.2
<b>Total, end-2002</b>	<b>39 391.9</b>	<b>592.8</b>	<b>178.4</b>
Total, end-2001	22 609.5	86.1	308.1

1 Including spot transactions with value date in the new year

2 From spot sales and gold lending transactions with value date in the new year

3 From options written in connection with gold sales programmes and entailing a cap (contractually agreed spot sales with price ceiling)

## 4 Proposals of the Bank Council to the Annual General Meeting of Shareholders

At its meeting of 7 March 2003, the Bank Council accepted the proposal of the Bank Committee to approve the 95th Annual Report for 2002, as presented by the Governing Board, for submission to the Federal Council and the Annual General Meeting of Shareholders.

On 14 March 2003, the Federal Council approved the Annual Report and the annual financial statements pursuant to Art. 63 para 2 (i) of the National Bank Law. The Auditing Committee produced its report pursuant to Art. 51 para. 2 of the National Bank Law on 4 February 2003.

The Bank Council proposes to the Annual General Meeting<sup>1</sup>:

1. that the present Annual Report including annual financial statements be approved;
2. that the statutory bodies entrusted with the Bank's administration be granted discharge;
3. that the annual profit of Sfr 2,508,661,866.40 be appropriated as follows:

allocation to the reserve fund

(Art. 27 para. 1 NBL) Sfr 1 000 000.--

payment of a dividend of 6%

(Art. 27 para. 2 NBL) Sfr 1 500 000.--

payment to the Federal Finance

Administration:

– for the account of the cantons, Sfr 0.80

per capita (Art. 27 para. 3 (a) NBL) Sfr 5 830 408.--

– supplementary payment for the financial year 2001<sup>2</sup> (Sfr 5,830,408 less Sfr 5,498,949.60) Sfr 331 458.40

– for the account of the Confederation and cantons (Art. 27 para. 3 (b) NBL)

– ordinary distribution of profits as per agreement of 24 April 1998 Sfr 1 500 000 000.--

– non-recurring special distribution as per agreement of 5 April 2002 Sfr 1 000 000 000.--

Sfr 2 508 661 866.40

1 For the proposals regarding appointments to the Bank Council and the reappointment of the Auditing Committee, see p. 77 and p. 78 respectively.

2 Based on final population figures from the 2000 census

## 5 Report of the Auditing Committee to the Annual General Meeting of Shareholders

Dear Mr Chairman  
Ladies and Gentlemen

As the Auditing Committee, we have audited the books of account and annual financial statements (balance sheet, income statement and notes) of the Swiss National Bank for the year ended 31 December 2002. We confirm that we meet the legal requirements concerning professional competence and independence.

Our audit was conducted in accordance with the Swiss auditing standards promulgated by the profession, which require that an audit be planned and executed in such a way that any significant errors in the annual financial statements can be identified with a reasonable degree of certainty. We examined the individual items and data in the financial statements using analyses and investigations based on spot checks as well as on reports supplied by PricewaterhouseCoopers Ltd. We also assessed the application of the accounting principles used, the principal valuation decisions and the presentation of the financial statements as a whole. We believe that our audit provides a reasonable basis for our assessment.

According to our assessment, the annual financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the Swiss GAAP FER. We should, however, point out the particular features (explained in the notes to the accounts) of the accounting methods used by the Swiss National Bank as Switzerland's central bank and note-issuing institution.

We further confirm that the books of account and the annual financial statements as well as the proposals for the appropriation of the annual profit comply with the provisions of the National Bank Law and the Swiss Code of Obligations.

We recommend that the financial statements submitted to you be approved.

Berne, 4 February 2003

The Auditing Committee:

**Hans Michel**

Chairman

**Maryann Rohner**

Vice-Chairwoman  
Certified auditor

**Kaspar Hofmann**

Chief auditor  
Certified auditor