# Explanatory notes on the banking statistics

## 1. Definitions

**Banks**

Banks are defined as companies that fulfil all the following requirements:

- active mainly in the financial sphere;
- procure funds by accepting deposits from the public or refinance at various banks that do not hold any major participation in the bank in question;
- use their funds to finance an indefinite number of persons or companies with whom/which they do not form an economic unit.[1]

**Institutions required to report data**

Only banks are required to report data (see also section 1, *Definitions: Banks*). In principle, reporting banks are legally independent enterprises, although they may also – as in the case of 'branches of foreign banks' – take the form of a legally dependent branch (see also section 4, *Bank categories*).

The Swiss National Bank (SNB) determines which banks should report specific statistics, on the basis of geographic and economic criteria. In cases where data collected on the basis of a partial sample are not representative or pertinent, it conducts a full sample survey.[2]

Most of the statistics in this publication are based on full sample surveys; exceptions are mentioned in section 7 *(Surveys)* as well as in the appropriate tables.

Geographic criteria

Only domestic banks are required to report data. In the case of statistics that relate to the Swiss franc currency area, banks located in Switzerland and banks located in the Principality of Liechtenstein are both treated as domestic. In the case of statistics that describe the Swiss banking industry, only banks located in Switzerland are treated as domestic (see also section 2, *Legal basis: Currency Treaty between the Swiss Confederation and the Principality of Liechtenstein*).

This publication covers the Swiss banking sector. Consequently, data are only published from banks located in Switzerland.

Economic criteria

For more detailed information on the economic criteria, see section 7, *Surveys*.

**Reporting entities**

For the data collection, the SNB defines three 'reporting entities': bank office, parent company and group. In addition, the SNB also uses the more general term of 'office'. Each reporting entity is made up of a number of offices whose business is reported by the institution required to provide data.

Offices may be legally independent entities, such as registered offices or subsidiaries (where subsidiaries are legally independent banks). Alternatively they may be legally dependent entities, i.e. branches. The term branch covers all legally dependent entities, such as branch offices, agencies and representative offices, as laid down in the Federal Act on Banks and Savings Banks (Banking Act).[3]

[1] SR 952.02, Ordinance relating to the Federal Act on Banks and Savings Banks (Banking Ordinance), in particular art. 2a.
[2] SR 951.131, Ordinance on the Federal Act on the Swiss National Bank (NBO), in particular art. 4 et seq.
[3] SR 952.0. See also SR 952.111, Ordinance on Foreign Banks in Switzerland (Foreign Bank Ordinance).

Definition of reporting entities

- The **bank office** reporting entity comprises all domestic offices (see also section 1, *Definitions: Geographic criteria*). This also includes domestic branch offices and agencies organised under foreign law. However, representative offices with domestic locations that are organised under foreign law are included only if they belong to a branch office included under this reporting entity.
- The **parent company** reporting entity comprises offices included in the bank office entity as well as their foreign branches.
- The **group** reporting entity comprises offices included in the parent company entity as well as their foreign subsidiaries.

Consolidation

- Under the **bank office** reporting entity, the banks required to report data provide consolidated figures for their own business and that of their domestic branches.
- Under the **parent company** reporting entity, the banks required to report data provide consolidated figures for their own business and that of their domestic and foreign branches.
- Under the **group** reporting entity, the banks required to report data provide consolidated figures for their own business and that of their domestic and foreign branches and subsidiaries. Domestic subsidiaries are not required to report under the group reporting entity.

**Raiffeisen banks – a special case**

For the purposes of this publication, the Raiffeisen banks are treated as one single business entity despite the fact that, from a legal point of view, the individual banks are independent of one another. Consequently, the data for this bank category are collected in consolidated form. The statistics cover all Raiffeisen banks, Raiffeisen Switzerland and other group companies.

**Country breakdown for on and off-balance-sheet items**

Some tables distinguish between on and off-balance-sheet positions in Switzerland and other countries (domestic and foreign). As a rule, the differentiation is made according to the domicile principle, i.e. the place of residence or business of the creditor, the debtor or – in the case of investments in securities – the issuer. However, special criteria apply to:

- Claims and liabilities arising from interbank business with respect to branches of foreign banks in Switzerland, which are counted as domestic business.
- Banknotes and coins, which are classified according to the location of the banknotes and coins.
- Claims against customers secured by mortgages, which are classified according to the location of the pledged property.
- Real estate, which is classified according to the location of the property.
- Securities issued by banks themselves, which are classified by location of issue.

Transactions with regard to the Principality of Liechtenstein are considered to be domestic transactions.

## 2. Legal basis

**Legal basis for data collection**

Pursuant to art. 14 para. 1 of the Federal Act on the Swiss National Bank (NBA),[4] the SNB may collect the statistical data required for it to fulfil its statutory tasks and monitor developments on the financial markets. In the National Bank Ordinance (NBO),[5] the SNB determines what data are to be provided and with what frequency (art. 15 para. 3 NBA).

**Confidentiality**

The SNB must maintain confidentiality with respect to the data collected (art. 16 para. 1 NBA). It publishes this data in the form of statistics. To maintain confidentiality, the data are aggregated (art. 16 para. 2 NBA).

**Currency Treaty between the Swiss Confederation and the Principality of Liechtenstein**

Based on the Currency Treaty between the Swiss Confederation and the Principality of Liechtenstein[6] the SNB is entitled to request the same statistical data from banks in Liechtenstein as from banks in Switzerland. The data provided by banks in Liechtenstein may not be shown separately in the published statistics.

This publication covers the Swiss banking sector. Consequently, only data from banks located in Switzerland are collected and published (see also section 1, *Definitions: Geographic criteria*).

## 3. Financial reporting regulations

**Orderly reporting and FINMA-RS 08/2**

This publication is based mainly on the data contained in the banks' annual accounts (balance sheet, income statement, notes). Banks are required to observe the principles laid down in art. 24 Banking Ordinance, when drawing up their annual accounts. The Swiss Financial Market Supervisory Authority (FINMA)[7] is responsible for interpreting this ordinance and publishing its interpretation in the guidelines on bank accounting and financial reporting regulations (FINMA-RS 08/2).[8, 9] Accordingly, this publication uses the breakdowns and terminology contained in the relevant laws, ordinances and guidelines.[10]

**Revised minimum grouping requirements**

The provisions in the Banking Ordinance relating to grouping within annual financial statements were revised in February 1995 and banks were required to meet more detailed minimum grouping requirements by the end of 1996, at the latest. In most cases it was possible to link the new figures to previous ones, thus allowing for the publication of uninterrupted time series. However, in a few individual cases comparison with data for previous years is not possible. In these cases, data are published only from 1996 onwards.

4 SR 951.11
5 Cf., in particular, art. 5 NBO and the appendix to the NBO.
6 SR 0.951.951.4
7 Until the end of 2008, Swiss Federal Banking Commission (SFBC).
8 Until the end of 2008, BAG-SFBC.
9 See also the associated FINMA circulars at www.finma.ch.
10 In the case of Credit Suisse, different accounting standards are used for its year-end statistics (Swiss GAAP) from those used in its monthly balance sheet statistics (US GAAP). As a result, the data for the big banks category in *Banks in Switzerland* may differ from those in the *Monthly Bulletin of Banking Statistics*.

## 4. Bank categories

**Creation of bank categories**

To ensure that it can meet its publication duties without infringing on its duty of confidentiality, the Swiss National Bank groups the data it collects into bank categories. The categories are defined by the SNB and are based on a number of different characteristics such as business focus, geographic scope of activities and legal status, although no explicit criteria are specified.

The characteristic features of the different bank categories are set out below. The description applies to a typical bank within a specific category, although it will not necessarily apply fully to all members of the category.

**Cantonal banks (category 1.00)**

Business focus: Most cantonal banks operate in all fields of business, although they are particularly strong in the savings and mortgage business. In a few cases, asset management for domestic customers also plays an important role.

Geographic scope of activities: Cantonal bank operations are largely focused on their own canton, although some of them have branches outside their canton or offices even outside the country.

Legal status: Most cantonal banks are institutions under public law, with their own legal status. There are also some semi-private and private joint-stock companies.

Trade association: The Association of Swiss Cantonal Banks was founded in 1907. It acts for the category as a whole and promotes cooperation between its members.

Special features: Since the revision of the Banking Act on 1 October 1999, a cantonal guarantee has no longer been regarded as the constitutive feature of a cantonal bank. The Canton of Berne plans to phase out its cantonal guarantee in a gradual process terminating in 2012. However, it is the only canton planning to take this step. Even before the revision of the Banking Act, there was no cantonal guarantee for the Banque Cantonale Vaudoise while the cantonal guarantee for the Banque Cantonale de Genève was limited. All other cantonal banks will retain an unlimited cantonal guarantee.

**Big banks (category 2.00)**

Business focus: In principle, the big banks cover all types of business. These include, in particular, investment banking (capital market transactions, securities trading, money market transactions, financial engineering, securities lending, consulting services for company mergers and acquisitions as well as the implementation of such operations).

Geographic scope of activities: The big banks operate globally, with a network of branches and subsidiaries around the world.

Legal status: Private joint-stock companies.

Trade association: –

Special features: In 2005, Credit Suisse and Credit Suisse First Boston merged. This left only two banks in the big bank category (UBS and Credit Suisse). Statistics will continue to be published for this category because of the economic importance of the big banks.

**Regional banks and savings banks (category 3.00)**

Business focus: Most banks in this category focus on traditional interest rate business with mortgages and corporate loans, on the one hand, and customer savings and deposits, on the other.

Geographic scope of activities: Regional.

Legal status: Mostly private joint-stock companies, although there are also cooperatives or other legal forms.

Trade association: The association of Swiss regional banks (RBA) was established in 1971, and most of the banks in this category then joined the association. The RBA Holding was created in 1994. Its membership is decentralised and autonomous. RBA Holding services are available to assist members in back-office operations.[11] 14 banks withdrew from the RBA Holding with effect from 1 January 2006. Most of them combined to form the Esprit interest group. In 2010, 41 banks belonged to the RBA Holding.

In 2004, Clientis Group was established as a collaborative venture by about 30 medium-sized and smaller RBA banks together with Clientis Ltd. The Clientis Group is organised legally in the form of a simple partnership, with Clientis Ltd carrying out the executive functions. It provides members with access to money and capital markets, as well as centralised support and transaction services.[12] In 2010, a total of 22 banks still belonged to Clientis Group.

Special features: –

**Raiffeisen banks (category 4.00)**

Business focus: The Raiffeisen banks focus mostly on traditional interest rate business with mortgages and corporate loans, on the one hand, and customer savings and deposits, on the other.

Geographic scope of activities: Although most of the business done by individual offices is regional, the Raiffeisen Switzerland Cooperative operates throughout the country.

Legal status: Cooperative.

Trade association: Within the Raiffeisen group, Raiffeisen Switzerland takes on operational and strategic tasks and is the body bearing ultimate liability. In this function, Raiffeisen Switzerland guarantees all Raiffeisen bank liabilities. The Raiffeisen banks bear joint liability for one another. In business operations, Raiffeisen Switzerland is responsible for various functions including central banking (equalising cash holdings, holding liquidity balances and refinancing), bank transactions (interbank transactions and securities trading) and risk diversification.

Special features: Since 2000, data provided by Raiffeisen Switzerland is reported together with data from the Raiffeisen banks and the group companies, rather than under the category of institutions with a special field of business.

**Other banks (category 5.00)**

The category of other banks currently includes the following sub-categories: stock exchange banks (5.12), other banking institutions (5.14) and foreign-controlled banks (5.20).

[11] See also section 5, *Institutions with a special field of business*, for information about Entris Banking Ltd (until 2007, RBA Central Bank).
[12] See also section 5, *Institutions with a special field of business*, for information about Clientis Ltd.

**Commercial banks (category 5.11)**

Business focus: Banks in this category operate in the fields of corporate and retail banking and asset management, as well as in investment banking.

Geographic scope of activities: Mainly domestic.

Legal status: Private joint-stock companies.

Trade association: Since 1981, the Association of Swiss Commercial and Investment Banks has represented the interests of the banks in this category.

Special features: In the course of 2008, the commercial banks category was dissolved due to increasing overlap between the business areas of individual institutions and those of the stock exchange banks category, as well as the heterogeneity of the banks classified as commercial banks. The banks of this category were reclassified either as stock exchange banks or as other banking institutions.

**Stock exchange banks (category 5.12)**

Business focus: Stock exchange banks operate mainly in the field of asset management. They serve clients both inside and outside Switzerland.

Geographic scope of activities: International.

Legal status: Private joint-stock companies.

Trade association: Since 1981, the Association of Swiss Commercial and Investment Banks has represented the interests of the banks in this category.

Special features: –

**Consumer credit banks (category 5.13)**

Business focus: Consumer credit banks are commercial banks operating mainly in the fields of consumer credit lending and hire purchase business.

Geographic scope of activities: Domestic or regional.

Legal status: Private joint-stock companies.

Trade association: –

Special features: As of 1999, the consumer credit banks have been included under *other banking institutions*, because since then there have only been two banks left in this category. By continuing to publish data in category 5.13, the SNB would have breached its duty of confidentiality.

**Other banking institutions (category 5.14)**

Business focus: –

Geographic scope of activities: –

Legal status: –

Trade association: –

Special features: This category covers all banks that cannot be included under another heading. Consequently, there are no significant features in common.

**Foreign-controlled banks (category 5.20)**

Business focus: Many foreign-controlled banks operate in all fields of business, but some of them focus on asset management or investment banking. In the case of asset management, the clientele is usually foreign.

Geographic scope of activities: International.

Legal status: Almost exclusively private joint-stock companies.

Trade association: Since 1972, all foreign banks have belonged to the Association of Foreign Banks in Switzerland. Foreign banks include both the foreign-controlled banks operating under Swiss law (category 5.20) and the branches of foreign banks operating in Switzerland (category 7.00).

**Special features:** The foreign-controlled banks are organised in accordance with Swiss law. Generally, permits for the establishment of such banks are only granted subject to a number of additional requirements.

A bank is deemed to be foreign-controlled if foreigners with a qualified participation in the bank directly or indirectly hold more than half of its voting shares, or if they exercise a controlling interest in any other manner.[13] Under the Banking Act, foreigners may be either individuals or legal entities.

**Finance companies (category 6.00)**

**Business focus:** –

**Geographic scope of activities:** –

**Legal status:** –

**Trade association:** –

**Special features:** Bank-like finance companies were included in SNB data collection from 1971 to 1994. After February 1995, however, there were no more bank-like finance companies in Switzerland: under the revised Banking Act such companies were required either to apply for a banking licence or transform their organisation into a finance company (which is not subject to the provisions of the Banking Act). Thus, information on bank-like finance companies was last collected for this publication at the end of 1994.

**Branches of foreign banks (category 7.00)**

**Business focus:** Most branches of foreign banks operate in the field of investment banking. A few banks also focus on asset management for foreign clients.

**Geographic scope of activities:** International, focused particularly on the country of origin.

**Legal status:** Unlike foreign-controlled banks, the branches of foreign banks are not legal entities in their own right. In terms of their business operations, as in legal respects, they are subordinate to their parent company.

**Trade association:** Since 1972, all foreign banks have belonged to the Association of Foreign Banks in Switzerland. Foreign banks include both the foreign-controlled banks operating under Swiss law (category 5.20) and the branches of foreign banks operating in Switzerland (category 7.00).

**Special features:** A licence is required for any foreign bank wishing to establish a registered office, branch office or agency.

Additional information may be found in the Ordinance on Foreign Banks in Switzerland (Foreign Bank Ordinance).[14]

**Private bankers (category 8.00)**

**Business focus:** Most private bankers work in the field of asset management. Their clientele is both domestic and foreign.

**Geographic scope of activities:** International and domestic.

**Legal status:** Sole proprietorships, limited and general partnerships.

**Trade association:** The Swiss Private Bankers Association, founded in 1934, represents private bankers.

**Special features:** Private bankers who do not actively seek deposits may waive the statutory transfers to reserve funds, since the partners are jointly and severally liable. In addition, they are not required to publish either annual or interim financial statements.

13 Art. 3bis para. 3 Banking Act.
14 SR 952.111

## 5. Institutions with a special field of business

The following institutions perform key functions in the Swiss banking industry. They are listed separately because of their special fields of operation.

**Swiss National Bank**

As an independent central bank, the Swiss National Bank (SNB) pursues a monetary policy that serves the interests of the country as a whole.[15] It also regulates money circulation, facilitates payments transactions and advises the federal government on currency matters.

When the Federal Constitution was revised in 1891, the Confederation was granted the exclusive right to issue banknotes. In 1905 the SNB was established, commencing operations two years later, and the right to issue banknotes was transferred to the SNB. The SNB is a special-statute joint-stock company whose purpose, activity and organisation are governed by the National Bank Act. The cantons, the cantonal banks and other public law corporations and institutions hold more than half of the SNB share capital. The Swiss Confederation does not hold any share capital.

The revised National Bank Act has been in force since May 2004. The revised version includes a detailed description of the SNB's constitutional mandate. Pursuant to art. 5 of the Federal Act on the Swiss National Bank (NBA),[16] the SNB pursues a monetary policy serving the interests of the country as a whole. It is required to ensure price stability and take due account of economic developments. In this respect it has the following tasks: to provide the Swiss franc money market with liquidity, to ensure the supply and distribution of cash, to facilitate and secure the operation of cashless payment systems, to manage the currency reserves and contribute to the stability of the financial system. It also participates in international cooperative organisations in the monetary field and provides banking services to the Swiss Confederation.

The SNB's statistical activities are now covered by the revised National Bank Act (art. 14 et seq. NBA, in particular). Under these provisions, the SNB may collect all the statistical data it requires for fulfilling its mandate. The SNB has specified the requisite surveys in the Implementing Ordinance relating to the Federal Act on the Swiss National Bank (NBO).[17]

**Central mortgage bond institute and mortgage bond bank**

The purpose of the central mortgage bond institutions is to arrange long-term mortgage loans for real estate owners at interest rates which are as constant and favourable as possible.[18] Two institutions have the right to issue mortgage bonds – the mortgage bond bank of the Swiss mortgage institutions established in 1930 and the central mortgage bond institute of the Swiss cantonal banks founded a year later. Both institutions are joint-stock companies with their head offices in Zurich. Swiss legislation attaches specific duties to membership of the mortgage bond bank of the Swiss mortgage institutions, while all cantonal banks, without any exception, have the right to membership of their institute, and also exercise this right.

[15] Cf. art. 99 para. 2 of the Federal Constitution of the Swiss Confederation (SR 101).
[16] SR 951.11, version dated 3 October 2003 (in force since 1 May 2004).
[17] SR 951.131
[18] SR 211.423.4, Mortgage Bonds Act, in particular art. 1 para. 1.

The central mortgage bond institutions limit their business activities to issuing mortgage bonds and investing the proceeds in the form of loans to members. Although loans may also be granted to non-members, statutory provisions stipulate certain conditions that must be fulfilled in such cases.

**Entris Banking Ltd**

The objective of Entris Banking Ltd (until 2007, RBA Central Bank) is to increase the profitability of the RBA banks and other financial service providers by bundling business volume and engaging in joint purchasing operations. In addition, it takes care of liquidity equalisation between RBA banks and manages sight deposit accounts, thereby securing the requisite liquidity at the SNB and PostFinance for all payment transactions.

**Clientis Ltd**

Clientis Ltd and its shareholders – some 30 medium-sized and smaller RBA banks – make up the Clientis Group. As a contractual group, the purpose of the Clientis Group is to enhance the competitive performance of its member banks and improve their refinancing opportunities. Clientis Ltd has had a bank licence since 2005 and is responsible for direction as well as strategic and financial management within the Clientis Group. It also guarantees member banks' liabilities.

**SIX SIS Ltd and SIS x-clear Ltd**

In the Swiss financial market, SIX SIS Ltd[19] effects securities transactions and performs a collective custody function with respect to both domestic and international securities. SIX x-clear Ltd[20] provides clearing services for stock exchanges as a central counterparty.

19 Until August 2008, SIS SegaInterSettle AG.
20 Until August 2008, SIS x-clear AG.

## 6. Number of banks subject to reporting requirements; additions and removals

**Totals, additions and removals, by bank category**

The following table summarises the number of banks in each bank category, as well as any additions or removals:

| Bank category | Total at 31.12.2009 | Additions | Removals | Total at 31.12.2010 |
|---|---|---|---|---|
| 1.00 Cantonal banks | 24 | – | – | 24 |
| 2.00 Big banks | 2 | – | – | 2 |
| 3.00 Regional banks and savings banks | 70 | 5 | 6 | 69 |
| 4.00 Raiffeisen banks | 1 | – | – | 1 |
| 5.12 Stock exchange banks | 49 | 4 | 6 | 47 |
| 5.14 Other banking institutions | 9 | 1 | – | 10 |
| 5.20 Foreign-controlled banks | 123 | 5 | 6 | 122 |
| 7.00 Branches of foreign banks | 33 | 1 | 2 | 32 |
| 8.00 Private bankers | 14 | – | 1 | 13 |
| Total | 325 | 16 | 21 | 320 |

A detailed list of all institutions included in this publication, together with the institutions removed or added during the year under review, may be found from page B1 onwards. The numbers in each bank category, as well as additions and removals for previous years, may be found on the Swiss National Bank website, www.snb.ch, under *Publications*, *Banks in Switzerland*.[21]

## 7. Surveys

The data published in the tables are compiled by the SNB, either independently or on behalf of FINMA. Data compiled independently by the SNB include the comprehensive year-end statistics (the main source of data for this publication) and the securities holdings statistics. Data compiled on behalf of FINMA comprise reporting in connection with capital adequacy, liquidity and supervisory requirements. These data collections, or more specifically the parts relevant to this publication, are described in greater detail below.

**Comprehensive year-end statistics**

Content of survey: Balance sheet items, income statement and off-balance-sheet business after appropriation of profit are reported in accordance with the guidelines of FINMA on bank accounting and financial reporting regulations (FINMA-RS 08/2).

Balance sheet data are grouped by residual maturity, most important currencies (CHF, USD, EUR) and customer registered office or residence (inside or outside Switzerland).

A number of banks also report foreign assets and liabilities by country.

Off-balance-sheet reporting primarily includes data on fiduciary business, contingent liabilities and irrevocable facilities granted.

As with the balance sheet assets and liabilities, some banks report fiduciary assets and liabilities by country, too.

The breakdown of the income statement is determined by the relevant structure in the FINMA-RS 08/2.

[21] See also section 9, *Banks in Switzerland on the SNB website*.

Banks that record non-monetary claims and liabilities from lending and repo transactions in their balance sheets report these separately.

Finally, reporting includes additional data such as number of staff employed and number of offices.

Reporting entity: In principle, institutions report under the parent company reporting entity. Table 31 is the only table with data for the bank office reporting entity.

Institutions required to report data: In principle, all banks are subject to reporting requirements (320 banks).

If a bank's foreign assets and liabilities exceed CHF 1 billion (83 banks), it also performs a breakdown, by country, of the foreign assets and liabilities in its balance sheet and its foreign fiduciary assets and liabilities.

Frequency: Annually

Tables: 1–32, 36–38, 39–43, 48–62 and 63–66.

Comments: The figures published comprise all annual financial results. In the case of most of the banks, the financial year closes as at the end of December. No separate mention is made of banks whose financial year closes at a different date.

Most of the terminology used here is the same as that used by FINMA, the Swiss Financial Market Supervisory Authority. Detailed explanations may be found on the FINMA website, www.finma.ch.

Bank for International Settlements (BIS) definitions and terminology are used for countries and country groups.

**Outstanding derivative financial instruments**

Content of survey: The positive and negative replacement values as well as the contract volume for outstanding derivative financial instruments are reported broken down by financial instrument. Outstanding derivative financial instruments constitute a part of the supervisory reporting.

Reporting entity: Parent company

Institutions required to report data: All banks and securities dealers. This publication reports only the data relating to banks (320 banks).

Frequency: Annually

Table: 34

Comments: Supervisory reporting is a survey commissioned by FINMA (cf. the relevant circular, FINMA-RS 08/14, on the FINMA website, www.finma.ch). Since the end of 2005, the survey on outstanding derivative financial instruments has been part of supervisory reporting instead of being included in the comprehensive year-end statistics, as was the case until 2004.

**Survey on securities holdings**

Content of survey: The survey covers securities holdings in custody accounts at the bank office reporting entity. These holdings are grouped by category of security, origin of issuer (resident or non-resident), currency, customer group and custody account holder (resident or non-resident). Holdings of lent securities are also reported.

Reporting entity: Bank office

**Institutions required to report data:** A full sample survey including the SNB[22] is conducted once a year (321 banks).

**Frequency:** Annually

**Tables:** 38a, 38b and 38c.

**Comments:** –

**Capital adequacy reporting**

**Content of survey:** As part of the capital adequacy requirements, banks report eligible and required capital.

**Reporting entity:** Parent company

**Institutions required to report data:** Banks in categories 1.00 to 5.00 are required to report (288 banks).

**Frequency:** Quarterly

**Table:** 44a

**Comments:** The survey is conducted on behalf of FINMA. The Ordinance on Capital and Risk Distribution for Banks and Securities Traders (Capital Ordinance)[23] came into effect on 1 January 2007. Through this ordinance, the Capital Accord passed by the Basel Committee on Banking Supervision (Basel II) was transformed into national law. Since 2009, capital adequacy reporting by all banks has complied with the revised framework (Basel II). Previously, some banks had been making submissions in line with the previous capital adequacy reporting framework (Basel I). Detailed explanations may be found on the FINMA website, www.finma.ch.

**Liquidity statement**

**Content of survey:** In the liquidity statement, banks report liquid funds and short-term liabilities in accordance with the provisions laid down in banking legislation.

**Reporting entity:** Parent company

**Institutions required to report data:** 299 banks are required to report.[24]

**Frequency:** Quarterly

**Table:** 45

**Comments:** The liquidity statement is based on art. 4 Banking Act and art. 16 et seq. Banking Ordinance, and contains the same information as that presented in the previous 'Liquidity ratio II (total liquidity)', which applied until the end of 2004. The only change is in the designation of individual items that have been adapted to conform to current linguistic conventions. Additional information is published by FINMA on its website, www.finma.ch.

[22] Reporting covers securities holdings in SNB custody accounts managed on behalf of the Federal Finance Administration and other federal offices.
[23] SR 952.03
[24] As of 2009, Clientis is submitting a consolidated liquidity statement together with its member banks.

# 8. Comments on the historical comparability of the statistics

This section discusses the most important methodological modifications to the time series published in this volume. The series with breaks have been grouped under the following three headings: changes to accounting procedures, legal requirements or other revisions, modifications to bank categories, changes in the list of countries. Within each group, the breaks are arranged chronologically, going back to the year 1996, at the earliest.

**Changes to accounting procedures, legal requirements or other revisions**

Restructuring measures within a bank

The banking statistics reveal significant changes from 2009 to **2010** in various balance sheet and income statement items. The fact that a bank merged with a subsidiary made a major contribution to these additions and reductions, affecting the following items, in some cases substantially: Total *claims against customers* (in particular, unsecured claims against domestic customers in Swiss francs), *other liabilities towards customers* (particularly short-term domestic and foreign positions in foreign currencies), *participating interests* (domestic and foreign), *depreciation of tangible assets* and *total eligible capital*.

Change at Credit Suisse

Since **2009**, Credit Suisse has been using the Swiss-GAAP valuation and allocation framework. This change affects the *securities and precious metals trading portfolios*, *financial investments* and *participating interests* balance sheet items, in particular. In addition, *non-monetary claims and liabilities from lending and repo transactions* are no longer reported in the balance sheet. This has led to a substantial drop in *other assets* and *other liabilities* (cf. comments on events in 2004 for more information). In off-balance-sheet transactions, this change in accounting procedures has a significant impact on the *contingent liabilities* and *irrevocable facilities granted* items.

Capital adequacy reporting under Basel II

In **2009**, the table on capital adequacy reporting (table 44a) was based, for the first time, on the Ordinance on Capital and Risk Distribution for Banks and Securities Traders. Through this ordinance, the new Capital Accord passed by the Basel Committee on Banking Supervision (the Basel II accord) was transformed into national law. The transition provisions stipulated that, in 2007 and 2008, capital adequacy reporting by banks and securities traders could be carried out in accordance with either Basel II or Basel I. From the 2009 reporting year, capital adequacy reporting for all banks was based on the Basel II provisions. Owing to the differences in content between Basel I and Basel II, the changeover means that certain sub-items in the table on capital adequacy reporting for the years prior to 2009 cannot be presented.

Netting of cash collateral at UBS

Since **2009**, the UBS has undertaken additional netting of cash collateral received or provided to it against negative or positive replacement values. This has reduced the aggregated values of *other assets* and *other liabilities*, the balance sheet items under which the replacement values are recorded. The replacement values in table 34, *outstanding derivative financial instruments*, are gross figures and are therefore unaffected by these changes.

Adjustment in off-balance-sheet business

As of the **2008** reporting year, the off-balance-sheet business items have been adjusted to the latest legal provisions (Banking Ordinance, FINMA-RS 08/2). Table 39 now includes data on contingent liabilities, irrevocable facilities granted, obligations to pay or make additional payments, and commitment credits. The former time series have had to be discontinued.

Introduction of the Collective Capital Investment Schemes Act (CISA)

The Federal Act on Collective Capital Investment Schemes (CISA)[25] entered into force on 1 January **2007**, superseding the Federal Act on Investment Funds of 18 March 1994. In addition to the contractually-based investment funds that have existed to date, the CISA regulates new legal forms for collective investment schemes. The innovations include investment companies with variable capital (SICAVs) and limited partnerships for collective capital investments. Moreover, the CISA covers investment companies with fixed capital (SICAFs), unless they are listed on the stock exchange and are accessible to all investors.

This change in the law has necessitated adjustments to the tables on securities holdings in bank custody accounts (tables 38a, 38b and 38c) and bank holdings of securities (table 15).

'Units in closed collective investment schemes' have been added to the 'Units in collective investment schemes' category of securities in the tables on securities holdings in bank custody accounts (tables 38b and 38c). These securities were previously reported under *shares*. The investment funds business category has been adjusted in table 15 and is now designated 'Units in collective investment schemes'.

Changes in the liquidity requirements

The liquidity requirements under banking law were revised with effect from 1 January **2006**. This was necessary first, because the SNB had eliminated Lombard loans and, second, because of a modification in deposit guarantees. The SNB replaced Lombard loans by special-rate repo transactions with effect from 1 January 2006, and art. 16 para. 1c Banking Ordinance was amended accordingly. Securities that could be pledged with the SNB (those eligible for Lombard loans) are no longer eligible as liquid assets. Instead, only those debt instruments issued by domestic borrowers and traded on a representative market are now eligible. However, debt instruments issued by the bank itself as well as debt instruments issued by companies that, together with the bank, constitute one single business entity, are excluded from this group of eligible liquid assets. As a consequence, some assets (e.g. medium-term bank-issued notes) can no longer be counted towards liquid funds. This amendment hardly affected total liquid assets, however. The new provision on the deposit guarantee (art. 19 Banking Ordinance), which took effect on 1 January 2006, requires banks with preferential deposits pursuant to art. 37b Banking Act to hold additional liquid funds (additional liquidity) at their domestic offices in order to secure these preferential deposits. The figures for the additional liquidity are collected separately and stated separately in the liquidity statement.

Revisions to data collection procedures for the survey on securities holdings

In **2005**, data collection procedures for the survey on securities holdings were revised to take account of changes in the requirements and general conditions that have taken place since this survey was first introduced. The principle of beneficial ownership is now applied when allocating securities managed by fiduciary agents to individual custody account holder categories. This is the reason for the rise in the holdings of insurance companies and pension funds. In addition, and as a result of this change, two custody account holder categories – financial institutions and asset management institutions – have been grouped into one single category. Data is now collected on shares or units in collective investment schemes with an open-end structure in lieu of investment fund certificates and this has led to a considerable increase in holdings. Generally speaking, the fact that some banks updated their sectoral and securities categories at the time the data collection procedures were revised makes it more difficult to compare data collected

[25] SR 951.31

before 2004 with that from 2005 onwards. Additional comments on the revision may be found in tables 38a to 38c. More detailed information on securities holdings in bank custody accounts is included in the *Monthly Statistical Bulletin*, published by the SNB.

Modifications introduced to take account of the new Federal Act on Consumer Credit

The changes introduced in the new consumer credit legislation[26] that came into effect on 1 January 2003 necessitated a number of modifications to collection procedures for consumer credit data. These included a new definition of consumer credits in place of the former definition used by the SNB. As of **2005**, the survey covers utilised consumer credit lending (cf. table 8), which is deemed to encompass all loans that must be reported to the information office under articles 25–27 of the Federal Act on Consumer Credit (as per article 1 of the same act).

Introduction of minimum reserve requirements

In **2005**, new minimum reserve requirements replaced the former cash liquidity provisions set out in the Banking Act. Unlike the former provisions on cash liquidity, postal account balances may now no longer be included under *available liquid assets*. The fact that, already in 2004, there was a substantial drop in postal account balances is probably attributable to this alteration in the legal requirements.[27]

Credit Suisse and Credit Suisse First Boston switch to US-GAAP[28]

In essence, the *other assets* and *other liabilities* items in the balance sheet both contain the positive or negative replacement values of certain derivative instruments outstanding on the date to which the balance sheet relates. Banks using the US-GAAP accounting standard also record non-monetary claims and securities arising from lending and repo transactions under *other assets* or *other liabilities*.

In **2004** two big banks, Credit Suisse and Credit Suisse First Boston, switched to the US-GAAP accounting standard. This accounts for the increase in *other assets* and *other liabilities*. Prior to 2004, neither of these two banks had reported non-monetary claims and liabilities arising from lending and repo transactions in the balance sheet.

Netting of other assets and other liabilities at UBS

In essence, the *other assets* and *other liabilities* items in the balance sheet contain the positive or negative replacement values of certain derivative financial instruments outstanding on the date to which the balance sheet relates. In certain clearly defined circumstances, institutions required to report data may offset these assets against the corresponding liabilities (this is referred to as 'netting').[29]

Since **2003**, UBS has made use of this option in its financial reporting under the parent company reporting entity. As a result, the aggregated figures for *other assets* and *other liabilities* have declined.

Full-time equivalents used to calculate staff numbers

Since **2001**, part-time jobs, as well as apprentice and trainee posts, have been weighted in the statistics (full-time equivalents), rather than counting them as full-time positions.[30]

New accounting procedure for interest business at UBS

Since **2000**, UBS has stated interest and dividend income from trading portfolios under *net interest income*, rather than including it under *net dealing income*. This has had a substantial effect on both aggregated *net interest income* and *net dealing income*.

[26] SR 221.214.1, Federal Act on Consumer Credit.
[27] Cf. Swiss Federal Statistical Office, *Statistisches Jahrbuch/Annuaire statistique 2006*, chapter 12.
[28] Over the years, non-monetary claims and liabilities arising from lending and repo transactions have not been recorded systematically either in the balance sheet or under off-balance-sheet business.
Readers wishing to obtain a better picture of the changes that have occurred should consult the following sections in these explanatory notes: *Credit Suisse and Credit Suisse First Boston switch to US-GAAP; Adjustment of balance sheet data to include lending and repo transactions; New accounting procedures for repo transactions*.
[29] The precise details were governed by art. 12f of the old Banking Ordinance (version of 15 June 2004).
[30] Cf. Swiss National Bank, *Die Banken in der Schweiz/Les banques suisses 2001*, p. 47 (only available in a German/French edition).

Adjustment of balance sheet data to exclude lending and repo transactions[31]

As of **2000**, a number of larger banks recorded non-monetary claims and liabilities arising from lending and repo transactions under off-balance-sheet business, rather than in the balance sheet. This new accounting procedure led to a substantial decline in a number of individual balance sheet items (particularly *claims against* and *liabilities towards banks*, as well as *claims against* and *liabilities towards customers*), and also a drop in the balance sheet total.

New accounting procedure for repo transactions[31]

Until **1998**, repo transactions were stated as secured loans; the monetary part of the transaction was stated in the balance sheet while the non-monetary part was posted under off-balance-sheet business. During the course of 1998, a number of larger banks changed their practice for reporting repo transactions and began including the non-monetary part in the balance sheet as well, in the form of a claim against or liability towards banks or customers, as the case might be. This modification led to an increase in total assets and liabilities. The inconsistency in the way in which repo transactions are stated makes it much more difficult to interpret the balance sheet items concerned.

SNB uses repo transactions as a new monetary policy instrument

The SNB introduced repo transactions as a monetary policy instrument at the end of April **1998**. Repo transactions replaced foreign currency swaps, which had been the SNB's most important monetary policy instrument for many years. A foreign currency swap consists of a spot transaction and a forward transaction. Only the spot transaction is entered in the balance sheet. Consequently, forward liabilities towards the SNB were not visible in the balance sheet. In the case of repo transactions, however, the forward liability is also stated in the balance sheet. Because of this change, liabilities towards the SNB appeared in bank balance sheets for the first time.

Total revision of the Swiss Federal Banking Commission accounting guidelines (BAG-SFBC) in 1996

In **1996**, all banks were required to submit annual accounts in accordance with the revised SFBC[32] accounting requirements for the first time. Since then, various business transactions have been recorded differently and stated in more detail. In most cases it has been possible to link the new figures to previous ones, thus allowing for the publication of uninterrupted time series. However, in a few individual cases comparison with data for previous years is not possible. In these cases, data are published only from 1996 onwards. More detailed information on the changes can be found on the FINMA website, www.finma.ch, or in *Die Banken in der Schweiz/Les banques suisses 1996* (German/French only).

The BAG-SFBC[33] were partially revised in 1998, 1999, 2000 and 2003. However, these revisions had only a minimal impact on the data. Here, too, more detailed information may be found on the FINMA website, www.finma.ch.

**Modifications to bank categories**

Substantial changes in bank categories can lead to breaks in series. Listed here are the changes that had a substantial impact on the time series published in this volume.

Reclassification of EFG Bank Ltd

In **2010**, the SNB reclassified EFG Bank Ltd, moving it from stock exchange banks (category 5.12) to foreign-controlled banks (category 5.20). This removed one of the five largest stock exchange banks from bank category 5.12.

31 Over the years, non-monetary claims and liabilities arising from lending and repo transactions have not been recorded systematically either in the balance sheet or under off-balance-sheet business.
Readers wishing to obtain a better picture of the changes that have occurred should consult the following sections in these explanatory notes: *Credit Suisse and Credit Suisse First Boston switch to US-GAAP; Adjustment of balance sheet data to include lending and repo transactions; New accounting procedures for repo transactions.*
32 As of 2009, Swiss Financial Market Supervisory Authority (FINMA).
33 As of 2009, FINMA-RS 08/2.

**Dissolution of category 5.11 (commercial banks)**

In **2008**, the commercial banks category (5.11) was dissolved and the banks concerned were reclassified either as stock exchange banks (5.12) or as other banking institutions (5.14). Reasons for the dissolution were the increasing overlap between the business areas of individual institutions and those of the stock exchange banks category, as well as the heterogeneity of the banks classified as commercial banks. The aggregate of the other banks category has not been affected by this reclassification.

**Takeover of Banca del Gottardo**

In **2008**, Banca del Gottardo (5.12) was taken over by BSI SA (5.20). As Banca del Gottardo was among the five largest banks of the stock exchange banks category (5.12), its removal from this group has a considerable impact on the aggregate figures. Caution should be exercised when making year-on-year comparisons in the categories of stock exchange banks (5.12) and foreign-controlled banks (5.20).

**UBS Card Center Ltd**

Until **2004**, the UBS Card Center Ltd was reported under other banking institutions (category 5.14). Since 2005, it has no longer been subject to the Federal Act on Banks and Savings Banks and therefore was not required to report data in 2005. As a result, comparisons of the latest figures for other banking institutions (category 5.14) with those for the previous year are not always possible.

**Reclassification of Bank Sarasin & Cie Ltd**

In **2002**, Bank Sarasin & Cie Ltd was transformed from a limited partnership into a joint-stock company. Consequently, since 2002, Bank Sarasin has been listed under stock exchange banks (category 5.12) instead of under private bankers (category 8.00).

**Reallocation of Bank Julius Bär & Co Ltd**

Until **2002**, Bank Julius Bär & Co Ltd was listed under commercial banks (category 5.11). Since then, it has been included under stock exchange banks (category 5.12). The reallocation was necessary because the structure of its balance sheet was that of an asset management bank. Since Bank Julius Bär was the second largest bank listed under commercial banks, the reallocation had a major impact on all the statistics. Consequently, only limited comparisons with the previous year are possible.

**Takeover of Crédit Agricole Indosuez**

In **1999**, Crédit Agricole Indosuez bank (category 7.00) was taken over by Banque du Crédit Agricole (Suisse) SA, a bank which falls within the category of foreign-controlled banks (5.20). Previously, Crédit Agricole Indosuez had been one of the largest branches of a foreign bank (category 7.00). Consequently, this takeover resulted in a noticeable reduction in the balance sheet total for category 7.00.

**Reclassification of Banca del Gottardo**

In **1999**, the SNB reclassified the Banca del Gottardo, moving it from foreign-controlled banks (category 5.20) to stock exchange banks (category 5.12). This removed one of the ten largest foreign-controlled banks from bank category 5.20.

**Dissolution of category 5.13 (consumer credit banks)**

In **1999**, the banks listed under the consumer credit banks category (5.13) were moved to other banking institutions (5.14) because there were only two institutions left in category 5.13. By continuing to publish this data under category 5.13, the SNB would have breached its duty of confidentiality. Already in 1997, there had been a considerable drop in the balance sheet total for consumer credit banks, as well as in the figures for foreign assets and liabilities in this category. This was due to the reclassification of Bank Aufina under the category of foreign-controlled banks (5.20). In 1998, Banque Procrédit was acquired by GE Capital Bank (category 5.20), and this led to another substantial decline in the figures for consumer credit banks.

Reclassification of Bank Leu and Banca della Svizzera Italiana

In **1998**, Bank Leu was reclassified as a stock exchange bank (5.12), while Banca della Svizzera Italiana (BSI) was moved to the foreign-controlled banks category (5.20). Both banks had previously belonged to the commercial banks category (5.11). Since they are both large institutions, the balance sheet total for the commercial banks category dropped by about a quarter (this is just one example of the subsequent changes in the figures).

ABN AMRO Bank N.V. included in the banking statistics for the first time

In **1997**, ABN AMRO Bank commenced operations as the branch of a foreign bank (7.00). Because of its size, it lifted the balance sheet total for bank category 7.00 by about 16% (this is just one example of the subsequent changes in the figures).

Reclassification of the RBA central bank

Since **1996**, the RBA central bank has been listed in the category of institutions with a special field of business (0.00) instead of under regional banks and savings banks (category 3.00).

**Revision of the list of countries**

Reclassification of Slovakia

As of **2009**, Slovakia is listed under the developed countries of Europe instead of under the developing countries, as it was previously.

Reclassification of Malta and Cyprus

As of **2008**, Malta and Cyprus are listed under the developed countries of Europe instead of under the developing countries, as they were previously.

Separate listings for Serbia and Montenegro

In tables 32 and 38, Serbia and Montenegro are listed separately as of **2007**.

Reclassification of Slovenia

As of **2007**, Slovenia is listed under the developed countries of Europe instead of under the developing countries, as it was previously.

Adoption of BIS country definitions

In **2006**, the Bank for International Settlements (BIS) definitions and terminology were adopted for countries and country groups. This adjustment has affected aggregate data for country groupings as well as the figures for individual countries. The new definitions have affected the data for France, in particular. France now includes French Guiana, Guadeloupe, Martinique, Monaco and Reunion. Mayotte, St. Pierre and Miquelon, and the French Southern Territories were already included in the French data previously.

Separate listing for Timor-Leste

In **2005**, data for Timor-Leste were extracted from the data for Indonesia and listed separately.

Claims against and liabilities towards Serbia and Montenegro

Since **2003**, tables 32 and 38 have listed claims against and liabilities towards Serbia and Montenegro. This replaces the former listing for Yugoslavia, which was maintained until 2002.

Changes to the list of countries in 2001

In **2001**, tables 32 and 38 were extended to include Antigua and Barbuda, Western Sahara, Palestinian Territory, the Marshall Islands, Micronesia, and Wallis and Futuna.

Since 2001, tables 32 and 38 have listed the Canary Islands under Spain instead of separately, as was the case until 2000.

## 9. Banks in Switzerland on the SNB website

**Tables in Excel and text format**

The section of this publication devoted to tables is also available in Excel and text format on the Swiss National Bank website, www.snb.ch, under *Publications*, *Banks in Switzerland*. The structure and numbering of the tables, as well as their titles, are the same as in the published version.

**Longer time series**

Where the data are available, the Excel and text files contain longer time series. However, since data collection is constantly being adapted to meet present-day circumstances, difficulties can arise in the interpretation of specific time series. The reader's attention is drawn to the following two problems:

**Bank categories**

No institutions are currently listed under the consumer credit institutions category (5.13) (not since 1999), finance companies category (6.00) (not since 1995) or commercial banks category (5.11) (not since 2008). In the time series on the SNB website, these bank categories are no longer consistently listed, although they are included in the totals. Consequently, the totals provided in the tables may in some cases exceed the sum of the figures published for the bank categories listed.

**Adjustments to the list of countries**

A similar problem arises in the case of on and off-balance-sheet items broken down by country. The list of countries is continually being updated to comply with the latest developments. The website presentation of tables broken down by country uses only the most up-to-date list of countries. As a result, the totals provided in the tables may in some cases exceed the sum of the individual figures published in the country breakdowns.

## 10. Websites

Swiss Confederation
Classified Compilation of Federal Legislation (in German, French and Italian)
www.admin.ch/ch/d/sr/sr.html

Swiss Financial Market Supervisory Authority (FINMA)
www.finma.ch

Swiss National Bank (SNB)
www.snb.ch