

## Communications

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### Press release

# 2000 Annual Report of the Swiss National Bank

## Revaluation of gold holdings impacts on income statement - centre for monitoring the stability of the financial system

In 2000, the revaluation of the gold holdings at market prices had a marked impact on the aggregate income of the Swiss National Bank, producing a high extraordinary profit. While declining interest rates resulted in capital gains on foreign currency investments, the stronger Swiss franc led to exchange rate-induced losses. In accordance with the agreement between the Federal Department of Finance and the National Bank regarding the distribution of profits, applicable to the financial years 1998-2002, the Confederation and the cantons will again receive Sfr 1.5 billion from the 2000 accounting period. At the Annual General Meeting of Shareholders, a proposal will be made to continue distributing to the shareholders the legally stipulated maximum dividend of 6%. Within the purview of Department II in Berne, the National Bank is in the process of setting up a centre for monitoring the stability of the financial system.

### Income Statement

The National Bank's aggregate income totalled Sfr 28.2 billion (previous year: Sfr 4.5 billion). The revaluation of gold holdings at market prices on 1 May 2000 produced an extraordinary profit of Sfr 27.7 billion. This revaluation gain is diminished by income from gold recording -Sfr 2.2 billion, which is mainly due to the fact that the gold price had fallen in the interim. As a result of the decline in interest rates on the relevant markets, foreign currency investments posted significant price gains; income (including income from interest) rose to Sfr 3.4 billion vis-à-vis the previous year (Sfr 373 million). By contrast, at Sfr 1.1 billion, the exchange rate-induced valuation adjustments had a negative impact, while in the previous year they had still resulted in a Sfr 4.1 billion mark-up. Gross income came to Sfr 2.1 billion (760 million). Ordinary expenses rose to Sfr 565 (464) million due mainly to higher interest expense for Confederation investments. Net income amounted to Sfr 1.5 billion (296 million).

Of the aggregate income totalling Sfr 28.2 billion, Sfr 18.9 billion are allocated to a new provision for the planned assignment of gold holdings no longer needed for monetary policy purposes (1,300 tonnes before the sales began). In addition, Sfr 6.6 billion are set aside as a special provision for market and liquidity risks on monetary gold, i.e. the gold still held by the National Bank (approx. 1,290 tonnes). Sfr 1.2 billion (previous year: Sfr 2.9 billion) were allocated to the general provision for market, credit and liquidity risks.

### Centre for monitoring the stability of the financial system

Under the direction of Niklaus Blattner, member of the Governing Board and Head of Department II in Berne, the National Bank is in the process of setting up a centre for monitoring the stability of the financial system. Such a centre combines the National Bank's resources in the areas of financial market stability, payment systems and efficiency of the financial sector. The efforts undertaken in the various organisational units of the National Bank focussing on these topics can thus be coordinated more efficiently.

Swiss National Bank