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Press release

SNB to distribute proceeds from sale of gold as of May 2005

The Swiss National Bank and the Federal Department of Finance announce:

Starting May 2005, the proceeds from the sale of the 1,300 tonnes of gold of the Swiss National Bank are to be distributed from the 2004 annual result, with one-third going to the Confederation and two-thirds to the cantons. To this effect, a special distribution agreement was concluded between the Federal Department of Finance (FDF) and the Swiss National Bank (SNB). The proceeds – amounting to a little over CHF 21.1 billion – will be distributed in ten weekly tranches. This is in addition to the SNB's regular profit distribution of CHF 2.9 billion for the 2004 financial year. Overall for 2004, the SNB will thus distribute approximately CHF 24 billion to the Confederation and the cantons.

The Bank Council of the SNB will request the General Meeting of Shareholders – to be held on 29 April 2005 – to distribute to the Confederation and the cantons the countervalue of the 1,300 tonnes of gold no longer required for monetary policy from the 2004 annual profit. The distribution between the cantons will proceed pursuant to art. 31 of the National Bank Act, with 5/8 in proportion to their resident population and 3/8 in proportion to their financial power. The provisions for the assignment of free assets, comprising the proceeds from gold sales realised to date, the net result from hedging transactions and the market value of the as yet unsold portion of gold, are liquidated in the income statement on 31 December 2004. The Bank Council of the SNB today approved a corresponding profit distribution agreement with the FDF; the Federal Council had already acknowledged and agreed to it on 23 February 2005.

After the Council of States' decision on 16 December 2004 – for the second time – not to consider the bill on the appropriation of the surplus gold reserves, it was to be assumed that there could be no majority in Parliament supporting another such bill from the Federal Council. As the Federal Council had, at the time, not yet stated its position with regard to the gold reserves issue, the SNB decided not to liquidate the provisions for the assignment of free assets. Given the Federal Council's decision of 2 February 2005 to distribute the gold assets to the Confederation and the cantons, the Council of State's non-consideration of December 2004 became effective. The continued retention of the SNB's gold assets is, therefore, no longer justifiable. Instead, the existing law – which stipulates that the SNB's earnings not required to build up currency reserves are to be distributed as profit – must be applied. The swift distribution of the gold assets will release the SNB of its dual role as a monetary policy authority and an asset manager for the state. The supplementary agreement of 12 June 2003 on the distribution of income on free assets will become null and void following the distribution of income from the sale of gold. In accordance with the agreement of 5 April 2002, the SNB will distribute CHF 2.5 billion annually to the Confederation and the cantons as of spring 2006.

Amendment of key data on the SNB's annual result

With the liquidation of the provisions for the assignment of free assets, specific key data on the annual result for the financial year just ended (published on 27 January 2005) change: the annual result increases by CHF 21.1 billion to CHF 21.6 billion. After the allocation to provisions for currency reserves in accordance with art. 30 of the National Bank Act, a distributable annual profit of CHF 20.7 billion results.

	2004 CHF billions	2003 CHF billions
Net result from gold holdings	-0.9	2.6
Net result from foreign currency investments	1.2	1.5
Net result from Swiss franc investments	0.3	0.1
Operating expenses	-0.2	-0.2
Change in provisions for the assignment of free assets	0.1	-0.9
Liquidation of provisions for the assignment of free assets	21.1	-
Annual result	21.6	3.1
Allocation to provisions for currency reserves	-0.9	-0.8

Distributable annual profit	20.7	2.3
Release from distribution reserve	3.3	0.5
Profit distribution	24.0	2.8

After the release of CHF 3.3 billion, the distribution reserve amounts to CHF 7 billion.

Further information:

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