

Communications

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Interim results of the Swiss National Bank as at 30 September 2008

The Swiss National Bank income statement shows a profit of CHF 2.5 billion for the third quarter. The cumulative result for 2008 as at the cut-off date remains negative, at CHF 895 million.

The substantial recovery in the US dollar as well as the increase in the price of gold have both contributed to the favourable quarterly result. As expected, stock market developments have had a negative impact. Overall, the valuation losses of the first quarter have, for the most part, been offset.

Since the beginning of the year, the provision of additional liquidity to the money market has added CHF 37 billion to the balance sheet.

Exchange rate losses on foreign currency investments

A cumulative loss of CHF 2.4 billion has been recorded on foreign currency investments for the first three quarters. At CHF 1.9 billion, exchange rate losses have made a major contribution to this result, with all investment currencies apart from the Japanese yen trading lower than at the beginning of the year. Moreover, losses of CHF 1.6 billion have been posted on investments in shares. Returns on interest-bearing securities have boosted the result by CHF 1.2 billion.

Valuation gains on gold holdings

The price of gold has remained very volatile. On 11 September, it was still at a low for the year, fetching CHF 27,048 per kilo. By 30 September it was up at CHF 31,554 again. The 4% price increase since the beginning of the year has resulted in a valuation gain on gold holdings of CHF 1.3 billion.

Swiss franc investments have made a profit contribution of CHF 407 million – mainly attributable to repo business.

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Interim result and distributable profit

Together with other income and expenses, the interim result shows a loss of CHF 895 million (profit of CHF 5.40 billion in the corresponding period of 2007) before the legally prescribed increase in provisions. In accordance with art. 30 para. 1 of the National Bank Act (NBA), the National Bank is required to set aside provisions permitting it to maintain the currency reserves at the level necessary for monetary policy. These provisions are increased in step with the growth of the economy. Based on this assessment method, the allocation to provisions totals CHF 1,006.9 million for the year as a whole, or CHF 755.2 million for the first nine months. Based on the negative interim result, it is possible to calculate a CHF 1.65 billion reduction (Q1–Q3 2007: allocation of CHF 4.84 billion) in the distribution reserve. However, it is the annual figures which provide the definitive basis for calculating the level of the distribution reserve.

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Income statement from 1 January–30 September 2008¹

In CHF millions	Item no. in Notes	Q1-Q3 2008	Q1-Q3 2007	Change
Net result from gold	1	1 288.9	3 675.3	-2 386.4
Net result from foreign currency investments	2	-2 435.3	1 597.3	-4 032.6
Net result from Swiss franc investments	3	406.6	288.3	+ 118.3
Net result from other assets		13.0	17.9	- 4.9
Gross income		- 726.8	5 578.7	-6 305.5
Banknote expenses		- 24.8	- 22.9	- 1.9
Personnel expenses		- 80.3	- 83.5	+ 3.2
General overheads		- 37.9	- 47.5	+ 9.6
Depreciation on tangible assets		- 25.4	- 24.1	- 1.3
Interim result		- 895.2	5 400.7	-6 295.9
Pro rata change in distribution reserve ²		- 755.2	- 563.3	- 191.9
Contribution to distributable profit³		-1 650.4	4 837.5	-6 487.9

1 Unaudited. The external Audit Board only audits the annual financial statements.

2 Three quarters of the fixed annual allocation (for 2008: CHF 1,006.9 million). Cf. Annual Report 2007, p. 93).

3 The level of the distribution reserve changes only once a year as part of the profit appropriation, i.e. the annual result minus the legally prescribed allocation to the provisions for currency reserves is added to the distribution reserve. Given that the SNB's results depend heavily on fluctuations in the gold price, exchange rates and interest rates, only provisional conclusions as to the end-of-year distributable profit may be drawn.

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Balance sheet as at 30 September 2008¹

	30.09.2008	31.12.2007	Change
In CHF millions			
Gold holdings	28 826.2	30 531.8	-1 705.6
Claims from gold transactions	4 036.4	4 243.7	- 207.3
Foreign currency investments	49 664.9	50 586.3	- 921.4
Reserve position in the IMF	459.3	406.0	+ 53.3
International payment instruments	438.2	281.7	+ 156.5
Monetary assistance loans	302.5	273.1	+ 29.4
Claims from repo transactions in US dollars	32 087.2	4 517.4	+27 569.8
Claims from repo transactions in Swiss francs	43 211.3	31 025.4	+12 185.9
Claims against domestic correspondents	2.7	11.0	- 8.3
Swiss franc securities	3 751.9	4 130.7	- 378.8
Banknote stocks	120.7	126.9	- 6.2
Tangible assets	384.5	344.8	+ 39.7
Participations	136.8	136.8	-
Other assets	221.1	311.3	- 90.2
Total assets	163 643.9	126 926.9	+36 717.0
Banknotes in circulation	41 065.4	44 258.6	-3 193.2
Sight deposits of domestic banks	8 917.2	8 672.9	+ 244.3
Liabilities towards the Confederation	15 092.0	1 077.0	+14 015.0
Sight deposits of foreign banks and institutions	622.9	644.1	- 21.2
Other sight liabilities	237.6	169.1	+ 68.5
Liabilities from repo transactions in Swiss francs	2 572.0	615.0	+1 957.0
Other term liabilities	31 684.1	4 608.0	+27 076.1
Foreign currency liabilities	713.3	1 127.6	- 414.3
Other liabilities	455.9	72.5	+ 383.4
Provisions for operating risks	6.8	8.6	- 1.8
Provisions for currency reserves	40 275.3	39 524.3	+ 751.0 ²
Share capital	25.0	25.0	-
Distribution reserve	22 871.7	18 128.7	+4 743.0
Annual result for 2007		7 995.5	-7 995.5
Interim result	- 895.2		- 895.2
Total liabilities	163 643.9	126 926.9	+36 717.0

1 Unaudited. The external Audit Board only audits the annual financial statements.

2 Allocation from the 2007 annual result.

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Accounting and valuation principles

The interim results, which have not been audited by the statutory auditors, cover the period from 1 January to 30 September 2008. Taking the specific central bank situation into account, the principles applied to the books of account, asset valuation, balance sheet and disclosure are governed by the NBA and the Swiss Code of Obligations and are in compliance with the Swiss GAAP FER 12 accounting provisions. The accounting and valuation principles remain unchanged from the 2007 annual financial statements.

Valuation rates

	Year under review			Previous year		
	30.09.2008	31.12.2007	Change	30.09.2007	31.12.2006	Change
	CHF	CHF	In percent	CHF	CHF	In percent
1 USD	1.1096	1.1277	- 1.6	1.1696	1.2202	- 4.1
1 EUR	1.5733	1.6557	- 5.0	1.6608	1.6086	+ 3.2
100 JPY	1.0542	1.0109	+ 4.3	1.0149	1.0251	- 1.0
1 GBP	1.9986	2.2586	- 11.5	2.3800	2.3911	- 0.5
1 kilogram of gold	31 554.06	30 328.47	+ 4.0	27 939.41	24 938.72	+ 12.0

Notes to the interim results

Item no. 1: Net result from gold

Breakdown by type	Q1-Q3 2008	Q1-Q3 2007	Change
In CHF millions			
Net result from changes in market value	1 279.1	3 664.3	-2 385.2
Net result from gold lending transactions	9.8	10.9	- 1.1
Total	1 288.9	3 675.3	-2 386.4

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Item no. 2: Net result from foreign currency investments

Breakdown by origin	Q1-Q3 2008	Q1-Q3 2007	Change
In CHF millions			
Foreign currency investments	-2 234.6	1 598.7	-3 833.3
Reserve position in the IMF	- 0.4	4.1	- 4.5
International payment instruments	1.4	2.4	- 1.0
Monetary assistance loans	- 2.4	6.3	- 8.7
Foreign currency liabilities	- 199.3	- 14.2	- 185.1
Total	-2 435.3	1 597.3	-4 032.6

Breakdown by type	Q1-Q3 2008	Q1-Q3 2007	Change
In CHF millions			
Interest gain/loss	1 471.2	1 302.9	+ 168.3
Capital gain/loss	- 245.9	- 160.7	- 85.2
Interest expenses	- 199.3	- 14.2	- 185.1
Dividend income and price gain/loss	-1 571.3	288.5	-1 859.8
Exchange rate gain/loss	-1 884.6	188.6	-2 073.2
Asset management and safe custody account fees	- 5.5	- 7.7	+ 2.2
Total	-2 435.3	1 597.3	-4 032.6

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Item no. 3: Net result from Swiss franc investments

Breakdown by origin	Q1-Q3 2008	Q1-Q3 2007	Change
In CHF millions			
Swiss franc securities	87.0	- 37.3	+ 124.3
Swiss franc repo transactions	473.3	349.7	+ 123.6
Other assets	0.1	0.1	-
Liabilities towards the Confederation	- 138.4	- 18.0	- 120.4
Other sight liabilities	- 15.4	- 6.3	- 9.1
Total	406.6	288.3	+ 118.3

Breakdown by type	Q1-Q3 2008	Q1-Q3 2007	Change
In CHF millions			
Interest gain/loss	563.6	458.1	+ 105.5
Capital gain/loss	- 0.4	- 143.5	+ 143.1
Interest expenses	- 153.8	- 24.2	- 129.6
Trading and safe custody account fees	- 2.7	- 2.1	- 0.6
Total	406.6	288.3	+ 118.3