

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 44 631 31 11
Fax +41 44 631 39 10

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SNB stabilisation fund – reduced UBS asset transfer

Maximum amount of up to USD 60 billion is brought down to USD 39.1 billion.

The stabilisation fund of the Swiss National Bank (SNB) which was set up to realise UBS assets (SNB StabFund) will acquire these assets for a lower maximum amount than originally planned. The SNB and UBS have agreed not to transfer certain categories of assets. These comprise securities backed by student loans and assets that have been wrapped by monoline insurers. As a result, the maximum volume of assets to be transferred will now decrease from its original level of approximately USD 60 billion to USD 39.1 billion. In accordance with the agreement announced on 16 October 2008, UBS will finance 10% of the transfer amount. Owing to the reduction of the overall amount, the maximum risk to be borne by the SNB has declined considerably, to roughly USD 35 billion.

The stabilisation fund's portfolio, as announced on 16 October 2008, was deliberately broadly defined and designed as the upper bound. Developments since then have shown that, from a financial stability perspective, certain financial instruments will not need to be transferred to the fund. Owing to amendments made to accounting standards in mid-October 2008 which apply to UBS, it is now possible to classify certain assets as loans and receivables, with the result that they no longer need to be valued at market prices. Instead, an impairment charge will only be necessary if there are permanent doubts regarding the repayment of the outstanding amounts. It is thus no longer imperative that these assets be transferred to the stabilisation fund, which operates with similar accounting standards.