

Communications

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Household wealth in 2009

Household assets return to pre-crisis level

In 2009, the net worth¹ of households rose by 6.5% to CHF 2,595 billion, once again reaching its 2007 level after having fallen sharply in 2008 during the financial crisis. Aside from household savings, the major reasons for the increase were a recovery in share prices and the continued rise in real estate prices. Financial assets held by households grew in 2009 by CHF 151 billion (8.7%) to CHF 1,883 billion, while real estate assets increased by CHF 31 billion (2.3%) to CHF 1,364 billion. Liabilities rose by CHF 24 billion (3.8%) to CHF 652 billion. As a result, net worth per capita increased to around CHF 333,000 (2008: CHF 316,000).

Movements in financial assets were strongly influenced by rising stock market prices: roughly one-third of the price losses suffered in 2008 was recouped in 2009 on stock markets in Switzerland and abroad. This development largely explains the increase both in the stock of shares held by households, which rose by CHF 43 billion to CHF 212 billion, and in units in collective investment schemes, which climbed by CHF 19 billion to CHF 181 billion. The stock of debt securities (medium-term bank-issued notes, short-term securities, long-term securities) rose by CHF 5 billion to CHF 136 billion, with an increase of CHF 13 billion in holdings of long-term securities being offset by a decline in medium-term bank-issued notes and short-term securities. Deposits with banks and PostFinance grew by CHF 23 billion to CHF 523 billion. Insurance technical reserves advanced by CHF 60 billion to CHF 804 billion. Two factors are equally responsible for this increase: contributions to occupational pension schemes exceeded the benefits drawn and price gains were recorded on pension fund investments.

¹ The net worth figure corresponds to the financial assets and real estate assets less the liabilities.

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The value of real estate owned by households (single-family homes, owner-occupied apartments and apartment buildings with rental apartments) grew by CHF 31 billion to CHF 1,364 billion. This increase was attributable to purchases of real estate and to rising prices for owner-occupied apartments and apartment buildings.

About 90% of household liabilities take the form of mortgages. Mortgage loans rose by CHF 25 billion to CHF 605 billion. The fact that this increase was much higher than a year earlier (2008: CHF 15 billion) can be attributed to the lower interest rate level. Despite rising real estate prices, the ratio of mortgage loans to real estate assets grew by 0.8 percentage points to 44.3%.

The data on the financial assets and liabilities of households form part of the Swiss financial accounts. Data on real estate assets are estimated by the Swiss National Bank. More detailed information on the data sources and estimation methods can be found in appendix 2 of this press release. The *Swiss Financial Accounts* (with data up to 2008) can be accessed on the internet at www.snb.ch, *Publications*.

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Appendix 1: Charts and tables

Chart 1: Stocks of household assets

Chart 2: Breakdown of household assets

Chart 3: Transactions in financial assets

Chart 4: Capital gains and losses in financial assets

Table 1: Balance sheet of households

Table 2: Transactions in financial assets and liabilities

Table 3: Capital gains and losses in financial assets and liabilities

Table 4: Statistical changes and reclassifications

Note on the charts and tables:

The assets side of the balance sheet comprises financial assets and real estate assets. The liabilities side contains liabilities and net worth. The net worth per capita is calculated on the basis of the average population of Switzerland as provided by the Swiss Federal Statistical Office.

Changes in the stocks of financial assets and liabilities correspond to the sum of the transactions (chart 3 and table 2), the capital gains and losses (chart 4 and table 3) and the statistical changes and reclassifications (table 4). A breakdown of the changes in stocks of real estate assets is not yet included.

Explanation of symbols:

0 Value negligible

— Absolute zero

.. Data not yet available

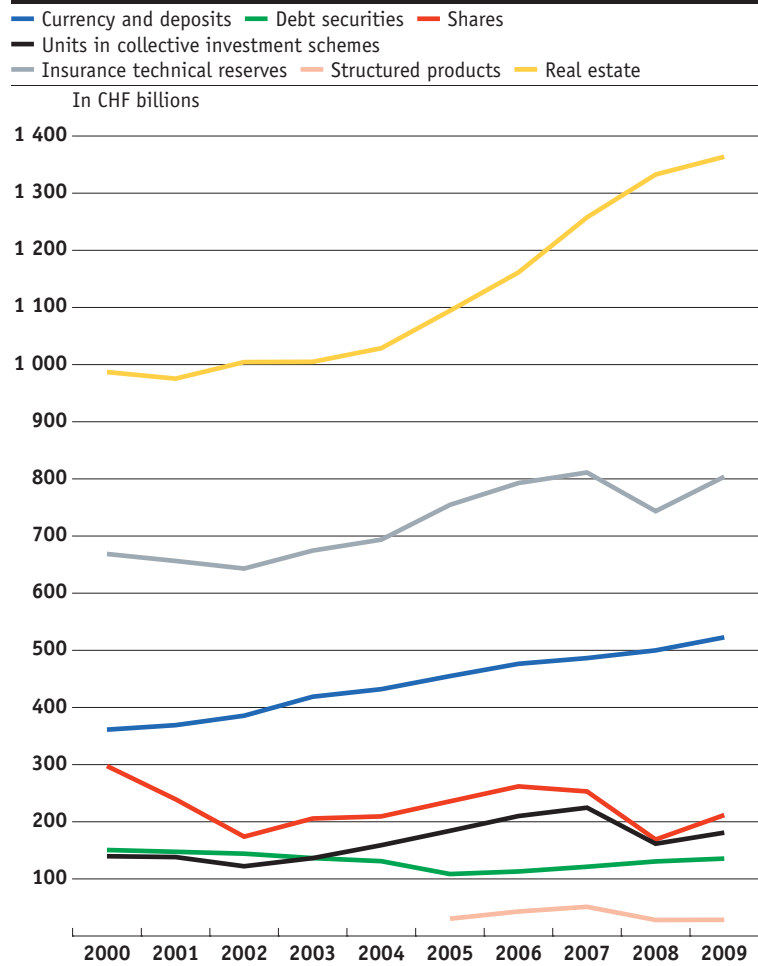


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Chart 1

Stocks of household assets

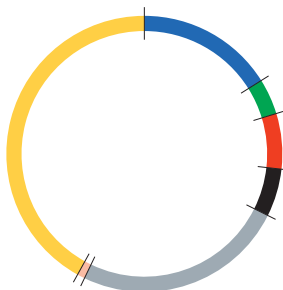




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Chart 2



Breakdown of household assets

At year-end 2009, in %

Currency and deposits, 16.1
Debt securities, 4.2
Shares, 6.5
Units in collective investment schemes, 5.6
Insurance technical reserves, 24.8
Structured products, 0.9
Real estate 42.0



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Chart 3

Transactions in financial assets

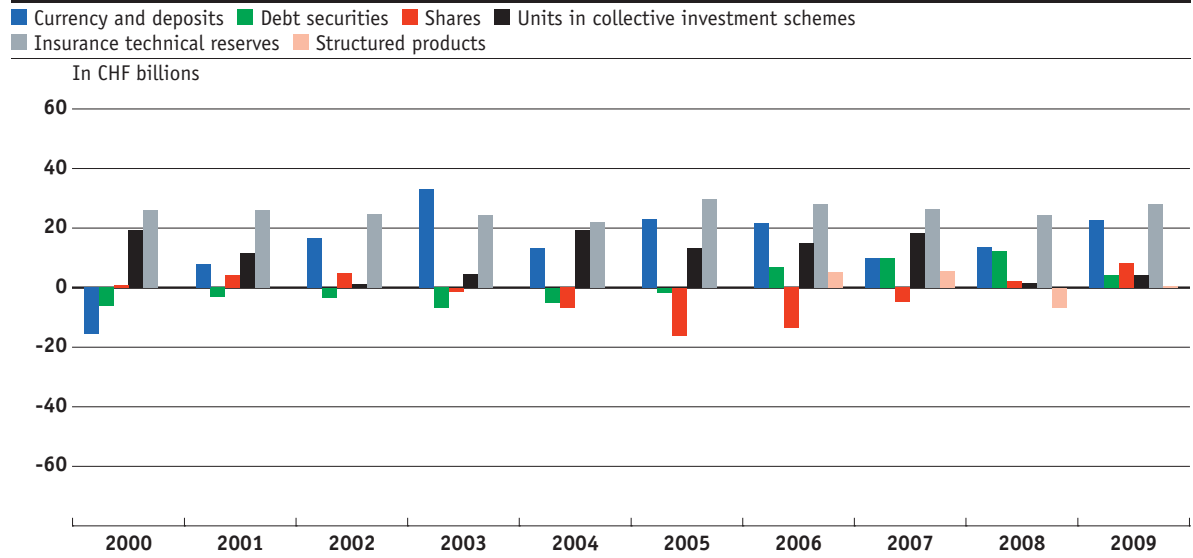
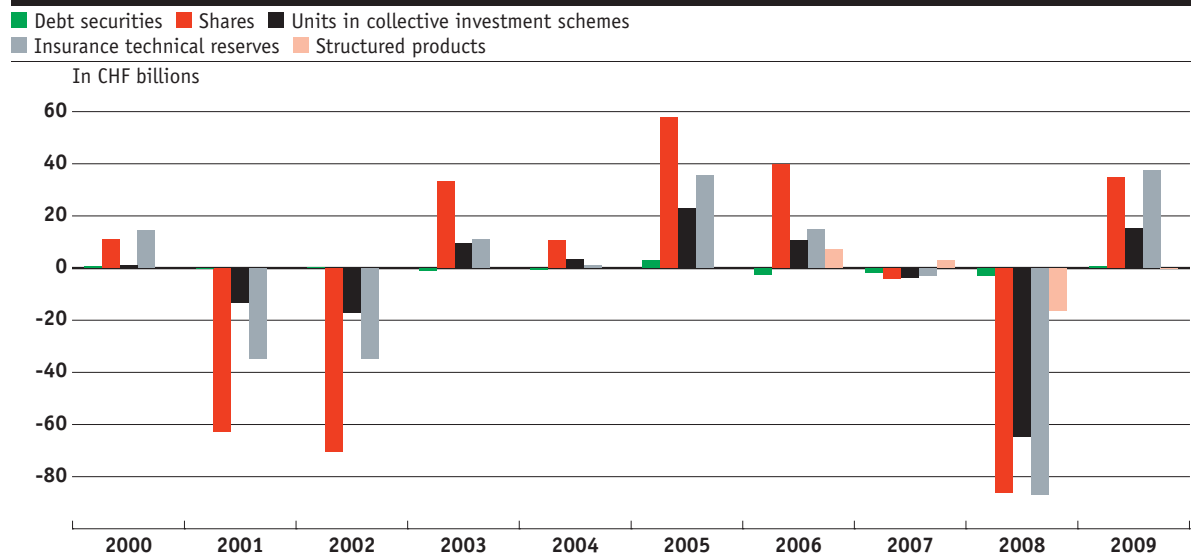


Chart 4

Capital gains and losses in financial assets



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Balance sheet of households

In CHF millions

Table 1

Item	2005	2006	2007	2008	2009
Assets					
Financial assets	1 768 146	1 896 995	1 947 723	1 732 545	1 883 110
Currency and deposits	454 889	476 434	486 398	499 907	522 727
Debt securities	108 511	112 999	121 265	130 581	135 551
Shares	235 728	261 895	253 059	168 913	211 747
Units in collective investment schemes	184 141	210 000	224 645	161 547	180 946
Structured products	30 343	42 931	51 155	28 099	28 357
Insurance technical reserves	754 536	792 735	811 201	743 500	803 782
Real estate	1 094 253	1 161 350	1 257 629	1 332 627	1 363 731
Total	2 862 399	3 058 345	3 205 352	3 065 172	3 246 841
Liabilities and net worth					
Liabilities	577 580	601 503	617 198	627 911	651 871
Loans	569 621	595 139	612 720	623 487	647 365
Mortgages	524 239	547 899	564 609	579 981	604 578
Other loans	45 382	47 240	48 111	43 506	42 787
Other accounts payable	7 960	6 364	4 478	4 425	4 506
Net worth	2 284 819	2 456 841	2 588 154	2 437 261	2 594 970
Total	2 862 399	3 058 345	3 205 352	3 065 172	3 246 841
<i>Net worth per capita (in CHF)</i>	304 592	325 082	339 715	316 074	332 634

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Transactions in financial assets and liabilities

In CHF millions

Table 2

Item	2005	2006	2007	2008	2009
Financial assets	47 815	63 425	65 334	47 205	67 949
Currency and deposits	22 859	21 546	9 963	13 509	22 820
Debt securities	- 1 667	6 868	9 986	12 128	4 227
Shares	- 16 102	- 13 440	- 4 794	2 063	8 207
Units in collective investment schemes	13 161	15 094	18 366	1 654	4 184
Structured products	..	5 337	5 434	- 6 636	511
Insurance technical reserves	29 564	28 020	26 378	24 487	28 000
Liabilities	23 724	23 923	12 965	10 713	23 960
Loans	21 658	25 518	17 581	10 767	23 878
Mortgages	23 312	23 660	16 711	15 372	24 597
Other loans	- 1 654	1 858	870	- 4 605	- 719
Other accounts payable	2 066	- 1 595	- 4 616	- 53	82

Capital gains and losses in financial assets and liabilities

In CHF millions

Table 3

Item	2005	2006	2007	2008	2009
Financial assets	118 982	70 028	- 9 659	- 256 983	87 648
Currency and deposits	0	0	0	0	0
Debt securities	2 859	- 2 380	- 1 720	- 2 813	744
Shares	57 904	39 607	- 4 042	- 86 208	34 628
Units in collective investment schemes	22 830	10 765	- 3 721	- 64 753	15 216
Structured products	..	7 252	2 791	- 16 421	- 253
Insurance technical reserves	35 390	14 784	- 2 966	- 86 789	37 315
Liabilities	0	0	0	0	0
Loans	0	0	0	0	0
Mortgages	0	0	0	0	0
Other loans	0	0	0	0	0
Other accounts payable	0	0	0	0	0

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Statistical changes and reclassifications

In CHF millions

Table 4

Item	2005	2006	2007	2008	2009
Financial assets	- 23 756	- 4 604	- 4 946	- 5 400	- 5 032
Currency and deposits	—	—	—	—	—
Debt securities ¹	- 23 711	—	—	—	—
Shares ¹	- 15 446	—	—	—	—
Units in collective investment schemes ¹	- 10 845	—	—	—	—
Structured products ¹	30 343	—	—	—	—
Insurance technical reserves ²	- 4 097	- 4 604	- 4 946	- 5 400	- 5 032
Liabilities	—	—	2 730	—	—
Loans	—	—	—	—	—
Mortgages	—	—	—	—	—
Other loans	—	—	—	—	—
Other accounts payable	—	—	2 730	—	—

1 2005: Revisions to securities survey statistics

2 Reclassification of claims against occupational pension schemes from the domestic households sector to the rest of the world due to employees and pensioners whose domicile has transferred to the rest of the world.

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Appendix 2: Notes on methodology and data sources

Household assets can be broken down into two parts – financial assets and real estate assets.

Financial assets

The data on the financial assets and liabilities of households are derived from the Swiss financial accounts. The Swiss financial accounts form part of the national accounts for Switzerland and are drawn up, commented on and published by the Swiss National Bank (SNB) (www.snb.ch, *Publications*).

The financial assets of households consist of currency and deposits, investment in securities and insurance technical reserves. The deposits consist mainly of deposits with banks and PostFinance in the form of savings and transaction accounts as well as time deposits. Investment in securities comprises debt securities (medium-term bank-issued notes, short-term securities, long-term securities), shares, units in collective investment schemes and structured products. Insurance technical reserves are essentially made up of net equity in life insurance contracts and claims against occupational pension schemes, where the occupational pension schemes include not only individual claims of insured persons, but also any excesses or shortfalls in the cover ratios of pension funds. Alongside the financial assets, liabilities are held in the form of loans. Most of these are bank loans (e.g. mortgages, Lombard loans, consumer credits, leasing liabilities) as well as mortgages granted by insurance corporations and pension funds. The *other accounts payable* item is a technical parameter for which there is no economic interpretation.

In addition to stocks, the two most important components explaining changes in asset holdings are also reported. These are transactions as well as capital gains and losses. Transactions comprise effective payment flows and certain imputed transactions. For instance, in the case of insurance technical reserves, investment income is taken into account in addition to paid premiums and pension fund contributions as well as policyholders' pension payments and capital withdrawn. Capital gains and losses are valuation changes arising from movements in market prices and exchange rates.

The data used to calculate the financial assets and liabilities are mainly taken from bank balance sheets, the survey on securities holdings in bank custody accounts and insurance company and pension fund balance sheets. Some individual items, such as currency holdings, are estimated.

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Real estate assets

Data on real estate assets are estimated by the SNB. The estimate is based on an evaluation of the dwellings recorded in the National Register of Buildings and Dwellings (RBD) issued by the Swiss Federal Statistical Office.

The real estate assets reported comprise single-family homes, owner-occupied apartments and apartment buildings with rental apartments located in Switzerland – including the land belonging to the buildings. Commercial real estate, undeveloped land and real estate in the rest of the world are not covered.

The estimate is based on a standard property for each of the three property types – a single-family home, an owner-occupied apartment and an apartment building with rental apartments. These three standard properties are valued by real estate consulting companies using hedonic pricing models. This is done for each municipality in Switzerland. The prices obtained in this manner are multiplied by the number of properties in each municipality. Adding the totals for all municipalities provides an estimate of the market value of all single-family homes, all owner-occupied apartments and all apartment buildings with rental apartments in Switzerland. Finally, the share of the households sector in the overall stock of each of the three property types is estimated, using a reference value taken from the Swiss Housing Census of 2000. The same data source is used to divide up the apartment stock into owner-occupied and rental apartments. The Housing Census has to be used because the requisite information is not available in the RBD.